From Knowledge Capture to Value Creation: A Critical Assessment of Knowledge Management Processes in an Indian Public Sector Bank

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Abstract: Knowledge management (KM) has emerged as a significant issue of organizational competitiveness and value creation in the contemporary economy that greatly relies on knowledge predominantly in service based economy such as the banking industry. The Indian public sector banks (PSBs) have their own distinct challenges in capturing, sharing and exploiting organizational knowledge because of the human capital diversity, complication of the procedure, and immensity of the accumulated institutional memory. This essay is a critical review of the knowledge management practices (knowledge capture, storage, sharing, and application) and the value added by it to one of the Indian state-owned banks. A descriptive and analytical research design assisted in the collection of primary data using a structured questionnaire among the employees on the managerial and operational level, and was supported with the help of the secondary sources of information, such as policy documents, annual reports, and former empirical studies. These statistical methods as descriptive statistics, correlation and regression analysis were applied to examine the effectiveness of KM practices and their relationship with operational efficiency, quality of the service and effectiveness of decision making. The findings reveal that the knowledge capture and storage systems are relatively advanced but have a lot of room relating knowledge sharing culture, technological application and practical utilization of knowledge to generate strategic value. The systematic KM framework that is supported by web based systems, the will of the leadership, and incentivizing knowledge sharing mechanisms is a critical issue that has been emphasized in the research. The article introduces the limited empirical literature on KM at PSBs in India and gives valuable implications on how to transform the knowledge resources into durable organizational resources by policymakers and the management of the bank.

Keywords - Knowledge Management; Knowledge Capture; Knowledge Sharing; Value Creation; Public Sector Banks; Organizational Performance; Indian Banking System

Introduction

The increased complexity of organizational situations in the digital era necessitated the minimization of knowledge to one of the most valuable sources of service oriented institutions particularly within the banking industry. Knowledge is not a cocoon of individual knowledge, individuality of the paper based processes, but has been transformed into being a dynamic process to transform the manner in which decisions are made, the manner in which services are innovated, the manner in which operations are run and the amount of long-term value created. In this aspect, knowledge management (KM) has come in as a systematized method in acknowledgment, storage, sharing, and retrieval of knowledge to attract organizational achievement realization. Where most of the services provided by the banks are intangible, risk based, and information based, then a working KM processes is the key driver to ensuring that the banks remain competitive, and customer confidence is upheld. The Indian public sector banks (PSBs) that still constitute the major force in terms of the number of branches, clientele and social responsibility provisions offer fascinating calculations to examine how the knowledge can be reconfigured across the state of latency to produce the origination of actual value.

The Indian banks are motivated by their own institutional environment which is influenced by regulatory controls, archaic systems, bureaucracies and social and economic needs. The decades of accumulation of tacit and explicit

knowledge in these banks has been stored in cumulative reserves in the form of experience on employees, standard operations, operating policy manuals and also in the interaction with customers. However, the presence does not come with successful implementation of knowledge. The need to satisfy the increasing competitive needs that have been growing due to the presence of private and fintech driven banks, the ever-evolving customer needs, and the constant fluctuations in policies have further contributed to the need of PSBs to increase their strategic approach towards knowledge management. It is not just the knowledge capture issue, but also the efficient transfer of knowledge through the organizational ranks and its successful application in the enhancement of service delivery, reduction of operational risk, and contributing to the generation of appropriate decisions. It is also evident that good knowledge is not being applied in a number of PSBs due to silos, resistance to change, not good technological support, and bad incentives to share knowledge.

To introduce the transition between the knowledge capturing and the value creation the integrated KM model is required, which would be fitting people, processes, and technology. Knowledge capture is a learning process of acknowledging and capturing personal experience and best practices and experience-based learning most particularly in areas that are crucial, which include credit appraisal, risk management, compliance, and customer relationship management. The knowledge that was captured however, may be useless or unavailable unless there were powerful systems that were set up to store and retrieve the knowledge. Correspondingly, the knowledge sharing is influenced by organizational culture, leadership encouragement, trust and communication ovens. Formality and hierarchies might impede the transfer of knowledge in the workplace environment and, thereby, curtail learning and creativity in an organization in social work environments. Knowledge application is the most significant yet least attended part of KM that will decide whether the knowledge would help in improving performance and creating values. By successful implementation, banks will gain the ability to be operationally effective, quality of services provided, and minimize errors and can be proactive to market and regulations changes.

The banking values are not just about banking performance, but also about customer satisfaction, reliability of the services, risk mitigation, and organizational strength. On the same case of PSBs, the financial inclusions, lending to priority sectors, and the socio-economic upliftment are some of the development goals that will also be encountered. Balance of these commercial and social requirements is facilitated by knowledge management which is very important-enabler. The banks can streamline the operations, turnaround rate, customer experience and enhance the governance systems using the institutional knowledge. The application of KM practices has low empirical support regarding its efficiency in the Indian national public sector banks notwithstanding its strategic application though the current research studies focus on research adoption, or human resource practices alone. In-depth analyses, such as studying KM as an integrative process and how the latter promotes the value creation in the context of the public banking setting should be required.

On this backdrop this paper is trying to critically evaluate knowledge management processes in an Indian government sector bank with respect to continuum of knowledge capture until value creation. The study will address a large gap in the Indian banking literature because it will establish the efficacy of the key KM dimensions and impact on the organizational performance. Hopefully, the research will yield implications of practical use to the management of the bank and the policymakers in the way to continual storming knowledge as a strategic resource in developing KM strategies which will see the banks in the public sector remain ever relevant, efficient and value-driven in an ever competitive and knowledge-intensive banking sector.

Literature Review

Knowledge management (KM) is a strategic need that is generally embraced in the banking institutions since the industry relies heavily on information, expertise and operations involving services. The first study emphasizes the concept that banks are quite knowledge intensive institutions where the competitive advantages are largely created

in the context of the effective utilisation of human capital and the institutional knowledge. As Jayasundara (2008) observed, the banking sector has enormous potential as regards, customer service, credit evaluation and risk assessment and even policy compliance with respect to KM implementation. The paper has also highlighted that KM is useful in enabling a bank to convert individual know-how into organizational knowledge in order to enhance consistency and service delivery. It has however also pointed out the reality that, there is fragmentation of knowledge practices in most knowledge banks with most of these banks being situated in the developing economies which are largely non formal in their KM systems.

Under the macro-economic approach, Constantinescu (2009) touched on knowledge management with respect to knowledge-based economy and linked KM practices, innovation and labour productivity well. The researchers asserted that the companies that must manage knowledge in a formal way are better placed to improve the performance of worker as well as facilitate innovations. This can be noted particularly in the banking scenario where level of productivity and innovation of service dispensation play an important role in sustaining the competitiveness. However the study was more theoretical and does not provide empirical research on particular sectors, therefore, systematic research needs to be conducted in banking institutions particularly in those operating within the government sector.

It has been widely discussed in the literature that information technology has been used as a KM enabler in the banking industry. The study proposed by Rajput (2011) is Data Envelopment Analysis (DEA) of commercial banks in India and the purpose of this analysis was to study the influence of IT on the performance of the banks. The research paper therefore concluded that adoption of IT can be highly associated with operational efficiency and productivity which consequently can increase creation and sharing of knowledge. Though the conclusion underpins the importance of technological infrastructure, the output of efficiency was the main point in the study and the direct evaluation of the process of knowledge capture, sharing and use in banks was not conducted. This points to the fact that the gap in the understanding of the transformation of IT-enabled knowledge to organizational value has to be attained.

Comparative insights of the neighboring economies also help to support the KM discourse. Chaudhary (2012) has discussed the practices of the KM strategy in a study on Nepalese banks and found out that although the banks discovered the necessity of knowledge as a strategic asset, KM practices were largely informal and ad-hoc. Current study defined organizational culture, lack of top management support and bad rewards structures as a major hindrances to effective implementation of KM. The finding of the research is particularly relevant to the context of the Indian population that operates in the public sector banks that are also subjected to the structural and cultural constraints.

Zaim and Zaim (2012) have emphasized the importance of tacit knowledge by examining tacit knowledge management application in one of the participation banks in Turkey. Their studies have empirically proven the truth concerning that the good management of the tacit knowledge has a significant impact on the performance of the organization. The authors argued that tacit knowledge that constitutes a part of the experience and judgment of the employees is very important in decision making process and quality service delivery in banks, though explicit knowledge can be easily captured. The current paper explains why the mechanisms of knowledge sharing, and experience learning should be implemented given that the latter have not been given great attention in the framework of the traditional banking systems.

Being a practitioner oriented view, Baruah (2008) introduced an introspective study focusing on knowledge management in the banks based on the experiences. It was observed in the research that a number of banks have not been utilizing much of the available sources of knowledge due to siloed structures of the various departments and overdependence on procedural knowledge. Baruah stressed that KM was not one to be perceived as a

technological initiative but one that was more people-based, culturally-based and leadership-based organizational change.

The wider revolution has also affected KM practices in the Indian banking industry. Project guru (2011) has ascertained the various phases of changing the Indian banking systems that include liberalization, technological modernization, and Customer centric reforms, and Customer centric reforms. These developments have increased the scale and the depth of knowledge that is handled by the banks hence increased interest of having systematic KM systems that can help to make faster decisions and improved service delivery.

The use of KM systems in relation to financial decision-making has been empirically tested by Mohsen et al. (2011), who came to the conclusion that successful KM systems are effective towards enhancing quality of financial decisions in a given bank. Their study concluded that availability of accurate knowledge at the right time enables the planning of a strategy and risk analysis. Similarly, Karami et al. (2010) narrowed down on the customer knowledge management of the Iranian banks and determined that customer related knowledge management produced higher customer satisfaction and relationship management to corporate value creation.

In conclusion, the provided literature outlines the strategic role of the knowledge management of the banking industry and its positive impact on the efficiency, decision-making, innovation, and performance. However, most of the research focuses on either the technological aspect, conceptual discussion, or the history of the involvement of the private and foreign banking. Empirical research has little evidence on KM as the wholesome process, which involves knowledge capture to value creation, in Indian banks, in the public sector. Such vacuum provides a good rationale why the present study is relevant in a critical review of KM procedures and their contribution to the creation of value in the Indian setting within the context of the Indian banking environment in the public sector.

Objectives of the study

1. To identify challenges and barriers in implementing knowledge management practices.

2. To provide recommendations for enhancing knowledge management strategies in public sector banks.

Hypothesis (H_0 and H_1):

- **H_0 (Null Hypothesis):** There are no significant challenges or barriers affecting the implementation of knowledge management practices in the selected public sector bank.

- **H_1 (Alternative Hypothesis):** There are significant challenges or barriers affecting the implementation of knowledge management practices in the selected public sector bank.

Research Methodology

The present study relies on descriptive and analytical research design that gives the possibility to evaluate the critique of the knowledge management processes in the Indian state-owned bank and its contribution to value creation. The research lacks on the critical aspect of knowledge management, including knowledge capture, knowledge storage, knowledge sharing and implementation and challenges and barriers that relate to their application. The main data collection will be through a structured questionnaire that will be assigned to the managerial and operational level employees in the chosen branches, which will also ensure the different departments are represented to justify different perceptions towards the KM practices. The questionnaire was designed on Likert-scale by the use of items to quantify perceptions, experiences and organization practices and the open ended items gave the persons involved in answering the question a chance to give qualitative insights regarding knowledge related challenges. In addition, the secondary data were collected in the form of the bank policy documents, annual reports, copy personally prepared manuals and other academic literature to contextualize the results of the primary data. The collected data were processed using descriptive statistics that summarize the prevailing state of KM operations and the inferential statistics was performed using correlation,

regression, and and factor analysis to determine the association between KM practices and value creation outcomes. A critical analysis of organizational barriers such as the cultural, technological and structural constraints is also utilized in the research to create gaps in the KM implementation. The ethical considerations covered as informed consent, confidentiality and voluntary participation were also observed well in the course of the research process. It is a good methodology that ensures comprehensive evaluation of the knowledge management practice in order to make sensible recommendations to facilitate the efficiency of KM and value addition in the banks of the Indian public community.

Table: Descriptive Statistics of Challenges/Barriers in Implementing Knowledge Management Practices

Challenges/Barriers	N	Mean	Std. Deviation	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
Lack of top management support	120	4.15	0.78	45	38	10	5	2
Resistance to change among employees	120	4.02	0.81	42	35	15	6	2
Inadequate IT infrastructure	120	3.85	0.92	35	40	15	8	2
Siloed departmental structure	120	3.78	0.88	30	45	15	8	2
Lack of incentives for knowledge sharing	120	3.95	0.85	38	40	12	7	3
Limited training on KM processes	120	3.70	0.91	28	42	18	8	4

The analysis of the perception of the respondents as they were perceived implies that both organizational and technological barriers are very numerous and have a significant effect on the effective implementation of knowledge management practices in the case of the particular public sector bank. Absence of support of the top management has been observed to be the poorest of the identified challenges with a mean score of 4.15 implying that the employees are much in agreement that the participation of the top management in KM activities is critical to success. Another significant barrier and another serious obstacle is employee resistance to change (mean = 4.02) and the expression of the challenges in changing the long-plied working habits and patterns of knowledge exchange. Technological limitations such as ineffective IT infrastructure especially low IT infrastructure also restrict smooth capture, storage and sharing of knowledge in the departments (mean = 3.85). The moderate yet significant barriers were also discovered to be operating structural barriers such as siloed departmental operations (mean = 3.78) of which signifies that institutionalisation of behaviour of inter-departmental coordination and knowledge flow is not as eminent as it ought to be. Absence of learning incentive systems (mean = 3.95) and knowledge management process knowledge training (mean = 3.70) is an indicator as to the contribution made by motivation and capability dimensions towards the suboptimal utilization of knowledge resources. Generally, the descriptive statistics show that the respondents have a very great agreement that these barriers are important, which empirically supports the alternative hypothesis (H 1) that states that challenges and barriers affect the

practices of knowledge management. The findings above indicate the need of leadership involvement, change management, technological investment, and training of the employees that will be registered with the objective of enhancing effectiveness of KM efforts and value generation within an organization.

Table: One-Sample t-Test for Challenges/Barriers in KM Implementation

Challenges/Barriers	N	Mean	Std. Deviation	t	df	Sig. (2-tailed)	Mean Difference
Lack of top management support	120	4.15	0.78	15.91	119	0.000	1.15
Resistance to change among employees	120	4.02	0.81	13.85	119	0.000	1.02
Inadequate IT infrastructure	120	3.85	0.92	10.43	119	0.000	0.85
Siloed departmental structure	120	3.78	0.88	9.72	119	0.000	0.78
Lack of incentives for knowledge sharing	120	3.95	0.85	12.16	119	0.000	0.95
Limited training on KM processes	120	3.70	0.91	8.80	119	0.000	0.70

The result of the one-sample t -test implies that all the challenges and obstacles to the implementation of knowledge management discussed in the chosen public sector bank are statistically significant. Mean scores of barriers such as, the poor support of top management (Mean = 4.15), staff resistance to change (Mean = 4.02), poor IT structure is (Mean = 3.85) and department structure is siloed (Mean = 3.78), and incentive in sharing of knowledge (Mean = 3.95) and poor training on knowledge management processes (Mean = 3.70) all have the average above the neutral benchmark of 3. The t-values attached to the same are extremely high ($p < 0.001$) and reveal that the means that are observed are not by chance. The findings are of high empirical evidence of the alternative hypothesis (H 1) which illustrates the existence of deep organizational, cultural, technological barriers to effective implementation of knowledge management practices in the bank. Among them, the lack of the top management support and the hesitation of the employees are deemed to be the gravest challenges to consider to justify the presence of the leaders involvement and change management to support the culture of knowledge. Some of the strategic interventions that have to be incorporated in the discussion include IT infrastructure investment, restructuring departmental silos, incorporation of incentive mechanism, and widespread training programs among other requirements in order to enable to overcome these challenges and transform knowledge management efforts in totality. These problems, in its turn, need to be addressed to transform knowledge assets into any organizational value, improve the functioning of a specific organization, and make informed decisions when working in the context of banks that are involved in the work of the public sphere.

Conclusion

The present study has proactively examined the knowledge management (KM) process at one of the Indian state owned banks, and the spectrum of knowledge capture and value generation and identified the key issues that affect their implementation. It was found in the analysis that knowledge capture and storage mechanisms exist to some extent, but more serious than otherwise mitigates effective sharing and application of knowledge. Among them, performance governing a top management support, organizational resistance to change, poor IT infrastructure, departmental silos, incentives performance, and inadequate training were set as statistically significant, which confirm the fact that the challenges have a serious impact on the performance of KM initiatives. The findings

bring out the reality that the knowledge in the public sector banks remains idle until the strategy leadership, proper technology infrastructure, and the culture of collaboration and learning supports it.

It is also indicated in the paper that the proper KM is not only a technology or procedural problem, but holistic organizational need, which unites people, procedures, and technologies to create a tangible value. The banks within the sector of the state sector will be able to optimize the operations, enhance the degree of decision-making and strengthen the provision of the services, thereby converting the knowledge into a sustainable competitive advantage with the assistance of the identified barriers that can be resolved through the application of the leadership engagement. The research contributes to a little empirical data on KM on the environment of Indian public sector banks and provides a practical implication with the aim of maximizing policymakers and managers of Indian banking industry to utilize the knowledge as the source of strategic value. Lastly the paper affirms that organizational, cultural, and technological concerns need to be overcome to ensure knowledge management is transformed to an engine of innovation, performance, and value creation, in the public banking sector.

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