

The Impact of Organizational Strategy and Organizational Learning on Knowledge Management: An Empirical Analysis of Telecom Sector of Pakistan

### Ahmed Imran Hunjra

Lecturer, UIMS-PMAS-University of Arid Agriculture Rawalpindi, and PhD Scholar Iqra University Islamabad, Pakistan ahmedhunjra@gmail.com, 00923457162527

#### Waqas Aslam

Librarian, UIMS-PMAS-University of Arid Agriculture Rawalpindi, Pakistan

## Babar Khalid

MBA Student, UIMS-PMAS-Arid Agriculture University Rawalpindi, Pakistan babar\_changwani@outlook.com

#### Abstract

The aim of our study was to check the impact and association of Organizational Strategy and Organizational Learning with the knowledge management. For this purpose, an adapted questionnaire comprised of 12-items of three variables used in this study i.e. organizational strategy, organizational learning and knowledge management. The population of this research was the professionals of Telecom Sector of Pakistan, because Telecom Sector wisely use the knowledge management concept to gain economic favors and customer loyalty. The sample size was of 200 employees of telecom sector of Pakistan (PTCL, Telenor, Mobilink, Warid and UFone). Descriptive Statistics, Pearson Correlation and Regression Analysis has been applied. The result of present study shows a positive effect of organizational strategy and organizational on the knowledge management.

**Keywords:** Telecom Sector of Pakistan, Organizational strategy, Organizational learning, Knowledge Management

#### **1. Introduction**

Knowledge has become pivotal asset for the 21st century. All the organizations admit that knowledge must be continuously devoted in making the best. One thing is very certain in this changing world; which is the best knowledge will always be in demand. Knowledge management is about systems, technologies, people, continuous learning organizations, processes, methods and techniques managing the knowledge assets, a holistic initiative across the entire organization. It should be made an integral part of daily responsibilities of every knowledge workers. According to another definition of knowledge, it is a mixture of framed experiences, contextual information, values that provide a framework for evaluating and incorporating new information and novel experiences (Becerra-Fernandez et al., 2004). A firm's competitive advantage mainly relies on the knowledge, how it utilizes, what the organization already knows, and how quickly it can manage to know something new. Organizations lose their valued history and cultural norms, when they merge or reform new knowledge due to increased complexity and uncertainty.

Knowledge management programs are normally tied to organizational objectives, competitive advantage, improved performance, general

development of collaborative practices and the lessons learnt from transfer (for example between projects). We all have entered into a new millennium of knowledge. Sustainable competitive advantages should be built. It would specifically be explored, how these companies go about strategies like, innovation, in today's climate. Innovation cannot be ignored at any cost, independent of geographic, industrial or economic climate. Innovation is considered as the key value creator for the organizations, especially in times of growth and cost cutting. There is a great need of obtaining and using new knowledge in order to develop newest products, service innovation, improved processes, redefining existing products and aiming at the further maximization of the businesses (Podsakoff & Organ, 1986). Collecting and evaluating knowledge about competitors is essential to assess whether a firm has to devise new competitive strategies or not. Organization learning and knowledge are very closely related to each other. The organizations can learn, and this learning they can create competencies that show the way to competitive advantage and agility. This research target to gain an understanding of knowledge management practices, organizational learning and aggressive strategies in telecoms industries to implement and to give competition to others. Telecom industry is one of the largest industry and serves as fast growing global and interconnected world. It is considered as one

62

of the complex industries due to the variation in the product, rapid technology innovation (and obsolescence).

The Business Monitor International (BMI) has ranked Pakistan at a key position for telecom growth. Due to the increase in the growth of subscribers, there is a network congestion problem in Pakistan, affecting the service quality. Upgrading can done by major operators to solve this issue. There is still a lot of capacity in the market due to the declining cost of the handsets. Pakistan still needs to work on its telecom industry and invest in the research and development for improvement. Knowledge is the only source of remaining competitive in industry and service sectors needs to perform well in Pakistan. As far as telecom is concerned, data and broadband are the areas where there is potential to increase the average revenue per user (ARPU). The telecom industry in Pakistan should wisely use the knowledge management concept to gain economic favors and customer loyalty.

Successful companies consistently focus on the creation of new knowledge, disseminating it throughout the entire organization and incorporating it in new technologies and products. Due to the emergent and development of information technologies, understanding and dissemination of information has become easy. The powerful database helps us organizing and storing

63

knowledge in an efficient way. This database enhances the access of information, increased speed of expanding searching flexibility and retrieval. Telecom industry is considered to be the fastest growing markets in the world for the past several years. Scope of the study is only limited to three aspects of the knowledge management practices including external acquisition, internal sharing and storing of knowledge. The study tries to explore how to make effective use of knowledge in making of strategies to lead in the market. The main objective of the study is to examine the relationship between the knowledge management practices, organizational strategies and organizational learning. Further this analyze the importance of Knowledge Management in the telecom industry.

#### **II.** Literature Review

Competitive advantage is important for a company's performance in emerging markets around the globe. Knowledge management provides broader collaboration, sharing, easier links and deeper understanding of the enterprises. Many companies have lost the sight of competitive advantage to grow. Therefore companies try to leverage their knowledge. They try to do it both internally and externally in order to sustain their competitive advantage. In doing so they have to face many problems in managing the knowledge. The companies need to take into account the drastic changes taking place in the

market and focus on continual improvement and creating value along measures such as innovation, technological leadership, product quality, operation process efficiencies, and so on.

Knowledge management is important to compete with other companies and gain higher benefits. Management of knowledge is important for all types of businesses whether it is a product based company or a service based industry. It helps companies to improve their service, increase quality of product, and reduce cost, faster response to their customer and efficient operation procedures (Ahmed et al., 2000). The first major challenge is capturing and secondly integrating knowledge to share in the organization. The companies need to collect, store and distribute specialized knowledge. This is only done to sustain competitive advantage (Davenport & Prusak, 1998, Grant, 1996). Efficient means are needed which could be implemented in information systems that are specially designed for facilitating different functions like organizational knowledge, combining coding and applying of the organizational knowledge (Alavi & Leidner, 1999) Knowledge is something that goes through a process of sharing tacit with tacit knowledge, tacit to explicit, explicit leverage, and explicit back to tacit. If knowledge is not shared in an organization than problem solving becomes a real problem (Blom

et al., 2006). Knowledge is created, shared, amplified and enlarged through social and collaborative processes (Handy, 1995).

Knowledge management practices should be used as a part of promoting organization strategy. Telecom Industry scenario have to indulge themselves deeply into continuous mode of innovation and price discounting schemes to give each other a cut throat competition. TLC tries to maintain the stride of continual innovative breakthrough and commercial realization of products within the parameters of quality, cost and manufacturing/marketing consideration. HRM should play a pivotal role in KM. Knowledge management has become extremely important for organizations to gain knowledge from outside the organization's boundaries.

Innovation is the key driver of growth as well as efficiency. Product innovations increases revenues in short run as well as in long run. The ability of the firms to innovate new improved processes has helped in many ways. The telecom industry put continuous effort in the innovation of new packages to survive healthy. Due to the evolution of technology more customized products is demanded. The value added services are provided by all the companies.

Organization learning focuses on individual learning in the organization and the entire organization learning as an integrated body. The advantageous KM

processes help the firms to attempt to comprehend and respectively respond to threat and opportunities arising from an unstable environment. The individual and organizational learning are considered to be important concepts in a changing environment. Most organization learning refers to team or organizational level learning. It is a firm's duty to hold the essential knowledge to take valuable action for individual learning, or learning in small groups' or in large groups or may be the whole organization (Liebeskind, 1996).

From a knowledge management Point of view, all levels of learning are significant and made a natural part of the culture. KM emphasizes on locating, creating and sharing of knowledge. Organizational learning is focused on to gain the competence of the organization and to obtain the knowledge essential to continue to exist and compete in its environment. There is an imperative difference between individual learning and organizational level learning. Individual learning is behavioral progression or cognitive or among an individual and their environment, whereas in groups and organizations learning is a combined process which depends upon relationships and interactions among individuals such that learning occurs chiefly through the communication of the participants. The individual learning is achieved by doing a lot of things involving; inspection, learning, experience, cognition,

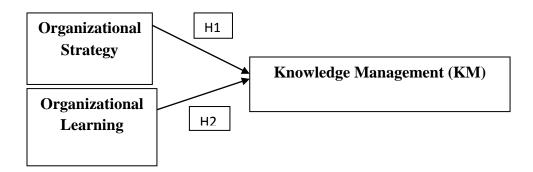
application and developing effective mental models in the mind, being mainly a social against a cognitive movement, organizational learning occurs when groups learn to interact with each other, share their knowledge and act collectively in such a manner that enhances and maximizes their collective capacity and capability to recognize and take effectual action (Garvin, 1993). Organizational learning necessitates a sharing of meaning, language, objectives and standards that are radically different from individual learning. An organization gains value when it learns and produces a social synergy that creates knowledge, this process eventually enhances performance. When such an environment becomes a part of the culture, core competencies are built. The core competencies are exclusive to every organization and hardly can ever be imitated and copied by other organizations. The competencies built are the combined effort of management and its worker's knowledge, based on experiences and past successes (Hammer & Champy, 1993). the Organizations are created by individuals and these are these individuals play a key role in establishing processes, relationships that allow group and

organizational learning and value. The organizational learning is more than individual learning. E.g. when individuals leave the organization, competent KM will allow the organization to keep its corporate knowledge that is the

knowledge that comes from the practice, collaboration and teamwork of its

employees.

# **Figure-1: Conceptual Model**



# **Hypotheses Statements**

H1: Organizational strategy positively affects the knowledge management.

H2: Organizational learning positively affects the knowledge management.

# **III. METHODOLOGY**

The sampling technique used in this study was non-probability. The main argument for using this was due to the limited time and budget available. Further, convenience sampling was the most appropriate in this case as it allowed obtaining information from the most accessible population. This sampling technique means that a researcher has the ability to get information from a respondent in the easiest way.

The total sample size was taken 200 and questionnaire was distributed among the employees of telecom sector of Pakistan (PTCL, Telenor, Mobilink, Warid and U-Fone). Questionnaires were in order to find in depth the relationship among knowledge management and organization learning and strategy.

The objective of this study was to see how companies pursue knowledge management while following certain organization strategy and organization learning to stay competitive in the market, hence quantitative approach was carried out. The purpose of quantitative research is to examine the relationship between two or more measurable qualities, so that it can be expressed in numbers to be estimated later. A five-point Likert Scale is used in the questionnaire. The nature of the study is hypothesis testing. The relationship among the variables is tested with the help of multiple regression, descriptive statistics and correlation are also applied in this study.

Primary data was gathered by using a questionnaire as the instrument. The arrangement of the questionnaire is such that it contains three parts. The first part is regarding the knowledge management. The items are adapted from the study of Beijerse (2000) and (Wong and Aspinwall, 2005). The second part is about competitive strategy which is of variables including innovation orientation strategy and competitor orientation strategy. Secondary data is the previous information gathered for some purpose in the past.

A major portion of this study is secondary data. Due to the availability and applicability of the secondary data it is very useful for this research. The information in this study is gathered from research articles, journals, and internet. The questionnaire was distributed in different telecommunication service companies. The questionnaire was given to the employees of the companies of various departments; management, marketing, production and operation department. The questionnaire was distributed among total of 200 management employees of the telecom service companies. The questionnaire was distributed among total of 200 management employees of the telecom service companies. The questions were self-explanatory, simple and innovative to hold the interest of the respondents. Only one questionnaire was given to each respondent and all the questions were explained before the filling the questionnaire.

# **IV. RESULTS AND DISCUSSION**

The main objective of the study is to analyze the relationship of organizational strategy and learning with knowledge management. Several tests have been utilized for this analysis and summary of results are given below:

Demographical factors	Frequency	Percent %
"Gender"		
Male	149	74.50
Female	51	25.5
Total	200	100.0
"Age"		
16-21	28	14.0
22-27	70	35.0
28-33	45	22.5
More than 33	57	28.5
Total	200	100.0
"Qualification"		
Matriculation	94	47.0
Intermediate	34	17.0
Bachelor	48	24.0

# **Table-1: Frequency Distribution of Demographical factors (N=200)**

Master	15	7.5
Other	9	4.5
Total	200	100.0

It is clear from the table-1 that 74.5 percent are the male respondents (149 males) whereas only 51 percent female respondents are the contributors in the present research. The reason of less female respondents may be the less gender balance in the different organizations. This is because of the cultural values. Another reason may be that the numbers of female employees are less in public sector organizations as compared to the private organizations.

As it is, clear from table-1 indicate total 200 respondents participate in the research. There are 14% (28) respondents having age limit of 16 to 21 years. 35 % (70) respondents lie in between the age of 22 to 27 years. 22.5 % (45) respondents exist in the age limit of 28 to 33 years where as 28.5 % (57) respondents are in the age of more than 33 years.

Table-1 indicates the qualification of those respondents that participated in the research. Such as 47 % (94) respondents having metric qualification and this is the highest numbers of respondents are associated with matriculation and this large number of matriculate respondents also indicated the low level of education and

large rate of child labors in the SMEs of Pakistan. 17% (34) having qualification to intermediate and 24% (48) respondents have access to bachelor as well as 7.5% (15) numbers of respondents having qualification to master and 4.5% (9) respondents that participated in the research having access on other fields of qualification such as technical, or engineering.

#### **Table-2: Frequency Distribution and Descriptive Statistics with respect to**

	Response Rate of Respondents (N=200)				200)
Items					
	Disagre	Neutra	Agroo	Mean	St.
	e	1	Agree	Wiean	Dev
1-Do you think encouraging					
employees to join formal or					
informal networks outside the	89	11	100	3.075	1.739
organization works in					
knowledge acquisition?					
2-Do you think Sending					
employees to seminars on a	143	44	13	1.980	1.060
regular basis works?					

#### "Knowledge Management"

3-Knowledge gained within the						
firm should be frequently						
stored in formal repositories	78	18	104	3.780	1.742	
(written notebook, or computer						
databases)						

The results obtained from analysis of the collected data explain that how many respondents disagree, neutral or agree with the items of the knowledge management. In the table-2 above, it is evident that 100 out of total 200 respondents are agreed that encouraging employees to join formal or informal networks outside the organization works in knowledge acquisition whereas 11 respondents voted as neutral and only 89 respondents are disagreed. Similarly, 13 respondents have shown their agreement that they send employees to seminars on a regular basis and 143 are disagreed whereas 44 respondents remain neutral. In case of the third item that knowledge gained within the firm should be frequently stored in formal repositories (written notebook, or computer databases), maximum vote of agreement has been given by the respondents which are more than 104 and 78 respondents are disagreed. This shows that maximum of the respondents are agreed that the knowledge management has very important impact on the infrastructure development. Further, the mean values as indicated in the table, give the indication about whether the response of the respondents is positive or negative. In this case,

the mean values suggest that most of the respondents have positively responded

which implies that the tabulated items are key for the project success.

### **Table-3: Frequency Distribution and Descriptive Statistics with respect to**

Response Rate of Respondents (N=200					=200)	
Items						
	Disagre	Neutra	Agree	Mean	St.	
	e	1	Agiee	Wiean	Dev	
1-Management should consult						
employees frequently to	80	13	107	3.380	1.717	
discuss new development.						
2-Employees play an important						
role in coming up with new	78	9	113	3.405	1.686	
ideas or other improvements	70	,	115	5.405	1.000	
for the business.						
3-Do you think employees						
should share knowledge and	145	12	43	1.940	1.298	
experience by talking to each	175	12	5	1.740	1.270	
other?						

# "Organizational Learning"

It is clear from table-3 organizational learning is the independent variable and according to the first item 80 respondents out of 200 are disagreed with this item as management should consult employees frequently to discuss new development. 13 respondents gave neutral opinions and 107 respondents are agreed with the statement. This point clearly indicates these respondents are satisfied that there organization provide them the new opportunities of learning. According to the second statement 78 respondents out of 200 disagreed so that employees play an important role in coming up with new ideas or other improvements for the business, 9 respondents gave neutral opinion and 113 out of 200 respondents agreed with the second item. The third item of organizational learning, 145 out of 200 respondents disagree and have denied about the share knowledge and experience by talking to each other. 12 respondents gave neutral opinions and 43 respondents are agreed with the statement.

	Respon	ise Rate o	of Respon	dents (N=	=200)
Items					
	Disagre	Neutra	A	Moon	St.
	e	1	Agree	Mean	Dev
1-Do you think the company should emphasize on the	73	26	101	3.575	1.293

"Organizational	Strategy"
-----------------	-----------

renewal of services or company					
processes?					
2-Do you think company					
should constantly think about	72	28	100	3.310	1.576
new services that serve future	12	28	100	5.510	1.370
needs?					
3-Do you think the company					
should invest in new products	136	37	27	2.095	1.163
every 6 months?					
4-Do you think the company					
should emphasize on bringing	(0)	38	02	3.030	1 200
in new customers with new	69	38	93	5.050	1.388
needs?					
5-Do you think the company					
should regularly exchange	102	22	61	2 670	1 4 4 0
information regarding	103	33	64	2.670	1.449
strategies of the customer?					
6-The management should					
regularly discuss strengths of	114	14	72	2.600	1.616
the competitors?					

As it is clear from the above table-4 "organizational strategy" is also an independent variable of this research study and this consists of six numbers of items. According to the first item, 73 out of 200 respondents are disagreed with the first item, 26 respondents gave neutral opinions about the company should emphasize on the renewal of services or company processes and 101respondents are agreed with the item. According to the second item, 72 subjects are disagreed and they found dishearten from the company should constantly think about new services that serve future needs, 28 respondents were on neutral opinions and 100 respondents found agreed. According to the third item, 136 respondents are disagreed, 37 respondents gave neutral statement, and 27 respondents agree with the statement. For the fourth statement, 69 respondents disagree, 38 respondents gave neutral opinion and 93 out of 200 respondents (maximum) agreed with this statement.

According fifth statement, 103 respondents disagree that the company should regularly exchange information regarding strategies of the customer, 33 respondents gave neutral opinions, and 64 respondents found agree with the statement. The last statement 114 respondents are disagreed with the last statement that the management should regularly discuss strengths of the competitors, 14 respondents gave neutral opinions, and 72 respondents are agreed with the last.

79

### Table-5: Correlation matrix of Knowledge Management, Organizational

			Organizatio	
		Knowledge	nal	Organizational
Variables		Management	Learning	Strategy
Knowledge	Pearson	1	-	<u> </u>
Management	Correlation	1		
	Sig. (2-tailed)			
	Ν	200		
Organizational	Pearson	450(**)	1	
Learning	Correlation	.452(**)	1	
	Sig. (2-tailed)	.000		
	Ν	200	200	
Organizational	Pearson	106(**)	210(**)	1
Strategy	Correlation	.496(**)	.318(**)	1
	Sig. (2-tailed)	.000	.000	
	Ν	200	200	200

### Learning and Organizational Strategy

\*\* Correlation is significant at the 0.01 level (2-tailed).

Table-5 demonstrates the correlation matrix of Knowledge Management, Organizational Learning, and Organizational Strategy. The results depict in the table show the level of co-relational significance amongst one dependent and two

independent variables by bridging the different correlation coefficient values of Pearson. As per the results achieved by application of correlation test, it is evident that at 5 % level of significance of knowledge management is optimistically linked with the project Organizational Learning having figure of correlation coefficient 0.452. Organizational strategy is the second important variable having 0.318 of coefficient of correlation at the 5% significance level which is also significantly knowledge management.

 Table-6: Regression coefficients, standard errors in parentheses, t-values in brackets and p-values in italic:

Constant	Organizational	Organizational	R-Square	F-
	Learning	Strategy		Statistics
0.917	0.103	.534	0.541	177.606
(0.105)	(0.046)	(0.049)		
[8.766]	[2.229]	[10.988]		
0.000	0.027	0.000		0.000

The results argued that model is more significant (p<0.05) that also show significant association among knowledge management and independent variables (R-Square=0.541 and the F-value=177.606) and R- Square depict fitness for model and independent variables (organizational learning and organizational strategy) model also account 54% variation in the dependent variable. When variables are

evaluated individually, there is significant (p<0.05) as well as positive relationship among variables that are associated to knowledge management. The organizational strategy is more significant independent variable in this study that have co-efficient for regression 0.534 as compare to organizational learning which has 0.103 regression co-efficient. The std-error provides information concerned to data.

#### V. Conclusion

The results acquired through correlation analysis, it may be concluded that the knowledge management has optimistic and significant association with the independent variables. Further, from the results of correlation analysis it can be articulated that the independent variables are contributing to the knowledge management through their co-relational significance. Therefore, overall model is more significant and individual based variables are more significant that are positive with dependent variable. The main results concerned to regression analysis that have objective that independent variables have also positive and significant association with knowledge management. The main results validate study hypotheses (H1 and H2) that establish that significant association among knowledge management, organizational learning, and organizational strategy. It shows positive effects of organizational learning and organizational strategy on knowledge management. Thus, we can conclude, knowledge, innovation and creativity should be enhanced in the organization for better organizational strategies and organizational learning for

superior knowledge management. Future research can be conducted by identifying more variables which affect the knowledge management practices.

#### **VI. References**

- Ahmed, P. and Zairi, M. (2000) 'Innovation: A Performance Measurement Perspective' in Joe Tidd (ed.) From Knowledge Management to Strategic Competence; Measuring Technological, Market and Organisational Innovation. London: Imperial College Press. Retrieved Sep 13, 2009 from http://www.odi.org.uk
- 2. Alavi, M., & Leidner, D. E. (1999). Knowledge Management Systems: Issues, Challenges, and Benefits. *Communications of the AIS*, *1*(2es), 1.
- Becerra-Fernandez, I., Gonzalez, A. & Sabherwal. (2004). Knowledge Management: Challenges, Solutions, and Technologies, *New Jersey, Natalie E. Anderson*. Retrieved Oct 10, 2009 from <u>http://hj.diva-portal.org</u>
- 4. Blom RR, Hellenthal FJ, Van Rijnswou M, Warmenhoven B. 2006. Do you manage your knowledge? Rotterdam, Netherlans: Clearing Center for Strategy and Entrepreneurship —Le Manageurl/ Study Association EUREOS. Retrieved Nov 04, 2009 from <u>http://www.ondernemerschap.nl</u>

5. Davenport, T., & Prusak, L. (1998). Working Knowledge: Hire people who can create knowledge. *Executive excellence*, *15*, 10-10.

- 6. Garvin, D. A. (1993). Building a learning organization, Harvard Business Review, (71), 78-91.
- 7. Hamer, M., & Champy, J. (1993). Reengineering the corporation. *London: Nicholas Brealey*.
- 8. Handy, C. (1995). Trust and the virtual organization. *Harvard business review*,73(3), 40.
- 9. Liebeskind, J. P. (1996). Knowledge, strategy, and the theory of the firm.*Strategic management journal*, *17*(S2), 93-107.

10. Podsakoff, P. M., & Organ, D. W. (1986). Self-Reports In Organizational Research: Problems And Prospects. *Journal of Management*, *12*(4), 531-544.

- Uit Beijerse, R. P. (2000). Knowledge management in small and medium-sized companies: knowledge management for entrepreneurs. *Journal of knowledge management*, 4(2), 162-179.
- 12. Yew Wong, K., & Aspinwall, E. (2005). An empirical study of the important factors for knowledge-management adoption in the SME sector. *Journal of knowledge management*, 9(3), 64-82.