MARKETING KNOWLEDGE MANAGEMENT STRATEGY FOR IMPROVING ORGANIZATIONAL PERFORMANCE AND COMPETITIVENESS - "AN APPLIED STUDY ON PRIVATE AND PUBLIC HOSPITALS IN JEDDAH CITY"

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Abstract

Purpose - This study aims at highlighting the significance and importance of utilizing Knowledge Management (KM) and its role for translating research and evidence into policy, practice and social transformation.

Design-methodology-approach- The study shows the roles of knowledge management (KM) and its' practices in improving organizational performance and competitiveness.

The empirical research method was evaluated by specialized experts, conducted by means of questionnaires. Correlation analyses were employed to test the validity of the procedure.

Findings- The findings of the study confirmed positive relationships between the level of utilizing and adopting "Knowledge Management" and the success of *an organizational performance and competitiveness.*

Originality/value– The study will focus on a few straightforward and practical KM tools and techniques designed to help organizations and individuals, to get "the right knowledge, in the right place, at the right time," particularly in influencing an action or a decision, for improving organizational performance and competitiveness.

Keywords: Tacit knowledge, explicit knowledge, competitiveness

1. Introduction

Knowledge management is aimed at getting people to innovate, to collaborate, and to make decisions efficiently. In short it is aimed at getting people to act by focusing on high-quality knowledge. ''KM aims at evolving

people's attitudes and work behaviors to effect new heights of collaboration—the international sharing of ideas, information, knowledge, and work itself—in support of a business need. It is about changing people's value paradigm from ''my information is power'' to ''sharing is power" (M. du Plessis, 2005). Knowledge has been lately recognized as one of the most important assets of organizations. Information technology can help the growth and the sustainment of organizational knowledge (Uwe M. B & Remo P, 1997).

KM is often viewed as multidimensional and multidisciplinary which may sometimes lead to a fragmented dialogue on the topic. Gupta et al. (2000) defined it as "a process that helps organizations find, select, organize, disseminate and transfer important information and expertise necessary for activities such as problem solving, dynamic learning, strategic planning and decision making". Liebowitz (2003) considered it as dealing with capturing, sharing, applying and creating knowledge in an organization to best leverage this resource internally and externally. Various other definitions abound in the literature (Bassi, 1997; Horwitch & Armacost, 2002; Malhotra, 1998). In its broadest sense, however, KM can be understood as a formalized and active approach to manage and optimize knowledge resources in an organization. KM has become an important strategy for improving organizational competitiveness and performance. This is because the proper management and leveraging of knowledge can propel an organization to become more adaptive, innovative, intelligent and sustainable (kuan & Elaine, 2006). According to Civi (2000) the only competitive advantage that organizations will have in the 21st century is what they know and how they use it.

This study will examine two types of knowledge – **tacit** and **explicit** – and ways in which we can understand and capture these and maximize their impact. We'll discuss how to formulate a KM strategy and then offer a suite of tools that can help organizations become fluent knowledge managers. These include: after-action reviews; knowledge audits; identifying and sharing best practice; knowledge harvesting; storytelling; communities of practice.

I. Knowledge Management Strategy

Tacit vs Explicit:

Knowledge typically classified as either tacit or explicit. Discussions of this concept are abundant in the KM literature.

Tacit knowledge primarily resides in peoples' minds and it is relatively difficult to be expressed, codified and documented (Civi, 2000; Gupta et al., 2000). **Tacit knowledge** cannot be documented easily; it is subconscious – we are generally not even aware that we possess it. Tacit

knowledge is context-specific and includes, among other things, insights, intuitions and experiences (Nepal RB).

Explicit knowledge is that which has been articulated, codified and formalized in some electronic or physical form. In general terms, knowledge, when viewed as an object, can be perceived to be any piece of idea, insight, know-what, know-how or meaningful information that can be used to achieve an objective(Civi, 2000; Gupta et al., 2000).

Explicit knowledge is something that we can put our hands on, capture and document, knowledge that can be recorded. This includes research findings, lessons learned, toolkits, and so on. We can easily resort to computers and other information technologies to organize our explicit knowledge (Hoie B and lee H, 2003). In reality, these two types of knowledge are like two sides of the same coin, and are equally relevant for the overall knowledge of an organization. Tacit knowledge is practical knowledge that is key to getting things done, Explicit knowledge defines the identity, the competencies and the intellectual assets of an organization independently of its employees; thus, it is organizational knowledge *par excellence*, but it can grow and sustain itself only through a rich background of tacit knowledge (Uwe and Remo, 1997) .

Knowledge and information

Knowledge and information – or "data arranged in meaningful patterns" – are not synonymous. While information is a type of knowledge, its value comes from its *interpretation* within a context. As Davenport and Prusak (1998) explain, transforming information into knowledge involves making comparisons, thinking about consequences and connections, and engaging in conversations with others. According to *Wikipedia*, "knowledge" can be defined as "awareness or familiarity gained by experience of a fact or situation"; Plato formulated it as "justified true belief". Put differently, we might best describe knowledge as "know-how" or "applied action."

KM Strategy

KM has become an important strategy for improving organizational competitiveness and performance. This is because the proper management and leveraging of knowledge can propel an organization to become more adaptive, innovative, intelligent and sustainable (Wong & Aspinwall, 2004). According to Civi (2000) and Gupta, Iyer, and Aronson (2000), the only competitive advantage that organizations will have in the 21st century is what they know and how they use it. There is no ideal strategy or "one size fits all" or "ready to use" prescription for KM. While it might be tempting to simply copy a strategy that was successfully used by others, this could be a costly mistake. As with any sound strategy, our KM practices should be

closely linked to our SWOT analysis: our own assets, needs, mandate, mission, and goals, taking into account our own values and ways of working. In fact, understanding these elements must be the starting point for any KM strategy. Any strategy must answer three questions (www.research-matters.net): where are we now, where do we want to be, and how do we get there?

- **Where are we now?** What kinds of knowledge do we produce (or gather or store)? What outputs have we created? How do we currently manage our knowledge? How do our organization's culture and systems either serve or hinder sound KM practices?
- **Where do we want to be?** In five years' time, how will a sound KM strategy change our organization? How will we know when we have a sound KM system? How will we measure the value of our efforts?
- **How do we get there?** We need an action plan outlining the three resources of *people, processes and technology*. What specific tools and practices will we use? How will we motivate people to change their practices?

In a slightly different formulation, Denning, 2002 advises that our KM strategy should ask:

What knowledge do we want to share (type and quality)? *With whom* do we want to share it (audience)? *How* will our knowledge actually *be* shared (channels)? And *why* will this knowledge be shared (motivations and objectives)?

2. The Importance of the Study

In general, Saudi Health Sector is facing big challenges in the dynamic environment at regional and international level, trying to improve the health care services which offer to Saudi people and other people from countries, by increasing the quality of services to gain a positive image by increasing its competitiveness to be the first one or top ten at least at regional and international level.

3. Objectives of the Study

The objective of the study is to explore the effect of using and utilizing Knowledge Management in gaining competitive advantages and increasing competitiveness of health sector to compete with regional and international hospitals.

4. Problem of the Study

By supposing that the good economic situations and the capability of Saudi government to raise and improve the quality of the health sector

represented by public and private hospitals through using and utilizing the newest technology and knowledge management to offer high quality and superior health services to compete the well known institution which work in the same sector. The problem will be clarified through answering the following questions:-

- Is the creation of knowledge management improving organizational performance and competitiveness?
- Is the storage/retrieval of knowledge management improving organizational performance and competitiveness?
- Is the transfer/application of knowledge management improving organizational performance and competitiveness?

5. Hypotheses of the Study

The Main Hypotheses

There is a significant relationship between using and utilizing knowledge management, and Improving organizational performance and competitiveness.

Hypoth. No. 1

H01: There is no significant relationship between knowledge management creation and improving organizational performance and competitiveness.

H11: There is a significant relationship between knowledge management creation and improving organizational performance and competitiveness.

Hypoth. No. 2

H02: There is no significant relationship between knowledge management storage/retrieval and improving organizational performance and competitiveness.

H12: There is a significant relationship between knowledge management storage/retrieval and improving organizational performance and competitiveness.

Hypoth. No. 3

H03: There is no significant relationship between knowledge management transfer/application and improving organizational performance and competitiveness.

H13: There is a significant relationship between knowledge management transfer/application and improving organizational performance and competitiveness.

6. Background and Theory

Successful knowledge management is a set of approaches to organizational knowledge—including its creation, collection, codification, personalization and dissemination—leading to achievement of corporate objectives, meeting performance targets and implementation of business-wide strategies in support of those objectives (PricewaterhouseCoopers, 1999a). The aim of knowledge management can also be cost saving, increased organizational capacity, better customer service, and reduced cycle time (PricewaterhouseCoopers, 1999b, PricewaterhouseCoopers, 1999c).

Van der Spek and Kingma (2000) state that the main objective of knowledge management is to arrange, orchestrate and organize an environment in which people are invited and facilitated to apply, develop, share, combine and consolidate knowledge. This application of knowledge in turn leads to innovation in the organization. ‘‘Knowledge management will allow businesses to sense important opportunities that can result in innovations in products, services, processes and distribution channels’’ (Martiny, 1998).

The fundamental question in the field of strategic management has been how organizations gain and sustain their competitive advantage. In the traditional approach, attractiveness of industry selection and establishment of competitive advantage over rivals were major questions of organizational capability in the face of competition (Porter, 1985).

Knowledge management is aimed at achieving business value (GartnerGroup, 2000). The value that knowledge management adds, lies in: creating collaboration forums where knowledge can be created and shared, that can act as a catalyst for decisions and actions to be taken based on knowledge shared or created in these forums, in order to maximize opportunities.

As knowledge emerges as the primary strategic resource for firms in the 21st century, researchers and practitioners strive for clues on how to accumulate knowledge resources effectively and manage them for competitive advantage. (Davenport, De Long & Beers, 1998).

The knowledge possessed by a firm represents a strategic resource that can create competitive advantage (Spender, 1996). The emphasis on collective knowledge created through a combinative process focuses attention on the issue of how organizations should motivate and support employees who may have useful knowledge that might be shared through a KMS (Osterloh and Frey 2000).

Building a knowledge management system or knowledge based systems with database, technology-based approach for knowledge management enables the firm-wide integration and utilization of corporate

knowledge resources, often researchers focus more on the creation and sharing of knowledge resources, (Romer, 1999).

With increasing uncertainty and dynamics of business environments, focus of the strategy research has shifted from the structure-conduct-performance paradigm to the internal resources of organizations as a key determinant of competitive advantage (Amit & Schoemaker, 1993; Grant, 1991; Teece, Pisano & Shuen, 1997). The resource-based view of firm suggests organizational resources and capabilities as the principle sources of gaining and sustaining competitive advantages in an increasingly more dynamic and rapidly changing environment.

Corporate resources such as capital equipment, skills, patents, and money are basic inputs into competitive advantage. Organizational capability is the capacity of a firm in acquiring and utilizing its resources to perform some tasks and activities for its competitive advantage (Grant, 1991).

Organizational Knowledge

A Framework for Analysis Information System

In this section, we develop a systematic framework that will be used to further analyze and discuss the potential role of knowledge management system in organizational strategic performance, according to this framework, organizations as knowledge systems consist of four sets of socially enacted .knowledge processes.: (1) creation (also referred to as construction), (2) storage/retrieval, (3) transfer, and (4) application .

A useful way to conceptualize our KM strategy is through *people*, *processes*, and *technology* – memorably visualized as "the legs of a three-legged stool – if one is missing then the stool will collapse." While there is some argument as to which leg is the most important, consensus is emerging in favor of the first – people. After all, it is people - human resources – who are the ones that create, share and use knowledge. Without taking into account the role people play in generating and sharing knowledge, KM strategies are likely to fail.

A successful KM strategy requires a change in an organization's culture and behavior. At the heart of this change would be recognizing *the centrality of knowledge*, and how the organization must improve its means for creating, capturing, sharing and using it.

7. Methodo1ogy of the Study

1. The Source of Data

A. Secondary data: obtained through references such as books, magazines, periodical, and related articles.

B. Primary data: collected through questionnaire, the questionnaire had been classified into three main parts.

- The first part prepared to collect basic data.
- The second part will contains classification information.
- The third part contained identification information of respondents, analysis unit. (Malhotra, 2006).

The questionnaire contained questions related with the employees opinion who works in public and private hospitals in Jeddah City, KSA.

2. The Population of the Study

The population of the study consists of public and private hospitals working in Jeddah City, KSA.

3. Sample of the Study

Doctors and nursing staff and administrative people of public and private hospitals in Jeddah City, KSA.

4. Sample Size

The size of the sample was 120 respondents. The respondents included doctors, nurses and administrative staff. As seen in the schedule No. 1

Schedule No. 1
Number of questionnaires distributed and returned back

	No. of Questionnaire Distributed	No. of Questionnaire collected	Returned
Doctor and nursing staff	50	40	80%
Administrative people	70	60	86%
Summation	120	100	83%

The above schedule shows that 120 questionnaires were distributed to a convenience sample taken from the population of the study, 100 questionnaires were returned back with response rate equal to 83%.

Schedule No. 2
Age profile of the respondents

Age of respondent	**Freq.**	**%**
Less than 30 year	25	25
31—40 year	40	40
41 year and above	35	35
	100	**100%**

The age frequencies of respondent as shown in schedule number 2, shows that 25 of respondents, their age less than 30 years, which represent 25% of the sample , and 40 of them are between 31-40 years, represented 40% of the sample, and the rest of the sample 35 persons their age above 41 years, they represent 35% of the sample.

Descriptive Analysis

This section has been devoted to the analysis of the variables by using frequencies, mean, standard deviation, and ratios through likert scale, to clarify the acceptance degree.

The First question:

Is the creation of knowledge management Improving Organizational Performance and Competitiveness?

Schedule No. 3
Knowledge Management Creation

	S. Agree		Agree		Neutral		D. Agree		S. Disagree		Total	%	Resp. Intensive	Resp. Area
	No	%	No	%	No	%	No	%	No	%				
Knowledge management creation	35	35 %	40	40 %	10	10 %	15	15 %	0	0	100	100	3.95	79

The study found that 35 respondent out of 100 s. agree, and 40 out of 100 agree, and 10 out of 100 no opinion (neutral) that the using and utilizing Knowledge management creation by public and private hospitals leads to enhance and improve the services offered by these hospitals and gaining them competence to compete other hospitals at regional and international level. The adoption of using and utilizing knowledge management creation when it possible. So the response power or intensive was 3.95 out of 5 degrees, which equivalent to 79%.

The Second Question:

Is the storage/retrieval of knowledge management Improving Organizational Performance and Competitiveness?

Schedule No. 4
Knowledge Management Storage/Retrieval

	S. Agree		Agree		Neutral		D. Agree		S. Disagree		%	Resp. Intensive	Resp. Area
	No	%	No	%	No	%	No	%	No	%			
Knowledge management storage/retrieval	40	40%	45	45%	11	11 %	4	4 %	0	0	100	4.21	84.2

As shown in the schedule 4, The study found that 40 Respondent out of 100 answered s. agree, and 45 out of 100 agree , and 11 out of 100 no opinion (neutral) that the using and utilizing Knowledge management storage and retrieval by public and private hospitals leads to enhance and improve the service quality which offers by these hospitals and gaining them competence to compete other hospitals regional and international level.

The adoption of using and utilizing knowledge management storage and retrieval when it possible. So the response power or intensive was 4.21 out of 5 degrees, which equivalent to 84.2%.

The Third Question:

Is the transfer/application of knowledge management Improving Organizational Performance and Competitiveness?

Schedule No. 5

Transfer/ Application of Knowledge

	S. Agree		**Agree**		**Neutral**		**D. Agree**		**S. Disagree**		**Total**	**%**	**Resp. Intensive**	**Resp. Area**
	No	%	No	%	No	%	No	%	No	%				
Knowledge management Transfer/ Application	30	30%	50	50 %	15	15 %	5	5 %	0	0	100	100	4.05	81

The third question about Transfer/Application patterns, depending on doctors, nursing staff and administrative people opinion, as shown in schedule 5, 30 respondent out of 100 answered S. agree, and 50 out of 100, agree, 15 neutral , and no one disagree. The result was 4.05, which equivalent to 81%. The result shows that the respondent agreeing on the importance of gaining knowledge management transfer from anywhere to use and utilized it in population study hospitals to acquaint it a competitive advantage by raising its effectiveness and efficiency to optimize its health care services and to create a positive image for itself at regional and international level.

Hypothesis Testing:

Hypoth. No. 1

H01: There is no significant relationship between knowledge management creation and Improving Organizational Performance and Competitiveness.

H11: There is a significant relationship between knowledge management creation and Improving Organizational Performance and Competitiveness.

Independent sample t-test was used to test this hypothesis and it concludes that the calculated t (-3.053) is significant at 0.01 level which means that there is a significant relationship between adopting and utilizing the concept of knowledge management creation and improving the performance and competitiveness of both private and public hospitals.

Hypoth. No. 2

H02: There is no significant relationship between knowledge management storage/retrieval and Improving Organizational Performance and Competitiveness.

H12: There is a significant relationship between knowledge management storage/retrieval and Improving Organizational Performance and Competitiveness.

Independent sample t-test was used to test this hypothesis and it concludes that the calculated t (-2.531-) is significant at 0.05 level which means that There is a significant relationship between knowledge management storage/retrieval and Improving Organizational Performance and Competitiveness.

Hypoth. No. 3

H03: There is no significant relationship between knowledge management transfer/application and Improving Organizational Performance and Competitiveness.

H13: There is a significant relationship between knowledge management transfer/application and Improving Organizational Performance and Competitiveness.

Independent sample t-test was used to test this hypothesis and it concludes that calculated t (-2.45) is significant at 0.05 level which means that There is a significant relationship between knowledge management transfer/application and Improving Organizational Performance and Competitiveness and tend to be more active by offering superior health services to become the first one or at least top ten in health sector at regional and international level.

8. Results And Recommendations

Results and Recommendations

The study found that there is a significant relationship between the degree of using and utilizing knowledge management and increasing and improving the performance and competitiveness of health sector institutions to become well-known at regional and international level by creation, storage/retrieval, transfer, and application of different aspects of usable knowledge management.

Recommendations

Based on the findings in previous sections, the following are some important recommendations for KSA health sector:

- Health sector must concentrate more and more in Knowledge Management for developing itself, to meet the minimum level at least, and considering it as the base for future growth to meet the expectations of its clients at regional and international level.

- Employing and utilizing well-known specialized people from anywhere to create a positive image for the health sector. (Utilizing intellectual capital and to minimize risks related to innovation).

- Conducting further research about more independent variables for the best and optimal utilization for "Knowledge Management" in health sector.

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