

# KNOWLEDGE MANAGEMENT PRACTICES IN COMMERCIAL BANKS A CASE STUDY OF COIMBATORE DISTRICT

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## ABSTRACT

*Organizations adopt innovative strategies to have an edge over their competitors and Knowledge management strategy receives importance at the global level. In the case of banking industry, the technology-based services play a vital role and hence the knowledge management strategies receive importance in this sector. However, the technology adoption is different in the public and private sector. With technology being the prime instrument of service provision, such difference results in the adoption of knowledge management strategy leading to differences in the business performance. In the present paper, it is attempted to examine the adoption of knowledge management in public and private sectors banks.*

### Background of the Study

In a competitive business environment, the aim of every organization is to have an edge over the other firms. This objective forces the organization to adopt various strategies. With the recognition that human resources are prime factor input, the concept of Knowledge management started assuming primary importance. With technology-oriented service provision being the business of the banking institutions, the use of knowledge management strategy is more important in the case of banking business. However, with the differences in the technology adoption between the public and private sector banks, it becomes pertinent to know whether there is a difference between the two types of banks on the adoption of knowledge management strategy. The present study attempts to study this issue in the context of the banks in the districts of Coimbatore, Tamil Nadu.

### Significance of the Study

In this information era, knowledge management is an important factor determining the progress and the performance of an organization. It is the process of creating, storing, transferring, applying and saving knowledge of all the workforce in an organization (Rifat O. Shannak et.al.2012). In a competitive business environment, the organization has to use the mental ability of its employees that determines the productivity. Guthrie (2001) viewed that it is only the intangible assets that stands behind a successful company than their intangible assets and it is an important indicator of its competitive value. (Kuang-Hsun Shih, 2010).

In the banking industry, with technology-oriented services, the application of knowledge management is more pronounced and, for the effective customer service, proper knowledge management has become essential (Bhosale Satish Tanaji, 2012). (Davenport, 1998) opines that the technologies of a management system include Knowledge acquiring, Creation, Knowledge Accesses, Knowledge Sharing, Knowledge Strategy and Knowledge Organizing.

A greater access to employees' knowledge organization could help make better decisions, reduce rework, and bring about innovation in services, greater collaboration and data retention. The efficiency in the services through such knowledge management reduces the cost of service provision leading to higher profits. With technology playing a vital role in customer service, efficient use of knowledge in their business has become an indispensable part of the banking institutions of India.

However, studies could establish that technology adoption differs across the banks (Srilatha et.al. (2018) and the access to and the adoption of technology by public sector banks is less than the private sector leading to differences in the business performance.

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The present piece of research attempts to know the opinion of the selected employees of public and private sector banks on the knowledge management practices in their banks and to find out whether there is significance difference in the opinion on the knowledge management between the public and private sector banks.

**Objectives of the Study**

Based on the above discussion, the following objectives are framed:

1. To understand the socio-economic factors of the sample bank employees
2. To understand the opinion of the sample employees on the knowledge management practices in their banks.
3. To identify the significance of the difference in knowledge management between public and private sector banks.

**Hypotheses of the Study**

Ho: There is no significant relationship between the public and the private sector banks in knowledge management practices.

**Sample Selection**

The present study has relied exclusively on the primary data collected from 200 employees. 23 crucial factors categorized under six broad dimensions on knowledge management practices were identified and included.

With ICICI having the higher number of branches of 35 in the private sector and State bank of India having the highest number of branches of 153 in the public sector in the district, ten banks from each sector were selected using simple random technique. Ten employees from each of the banks were selected again randomly. Direct interview method was used to collect the data.

**Tools of Analysis**

Simple percentage method, Analysis of variance (ANOVA) and discriminant analysis were used to analyses the collected data. A five-point Likert scale was used to quantify the attributes.

**Findings and Interpretation**

In this study, the gender distribution shows that the banking sector is a male dominated sector with 63 per cent of male employees. A higher share (37 per cent) of the sample employees are in the age group 50-60 years. Among the sample respondents, 72 per cent of them were married and they formed the highest share. 29 per cent are technical degree holders implying that there is no relationship between the nature of the job and their education specialization. The professional distribution indicates that a majority (56 per cent) are employed as clerks in banks. The distribution of their monthly income indicates that the highest share of the sample respondents earns a monthly income of Rs.25000-40000.

**Table 1**  
**Personal and Occupational Profile of the Sample Employees**

Sl.No.	Variable	No. of Respondents	Percentage
<b>Gender</b>			
1	Male	126	63
2	Female	74	37
	Total	200	100
<b>Age (in years)</b>			
1	Less than 30	28	14
2	30-40	46	23
3	40-50	52	26
4	50-60	74	37
	Total	200	100
<b>Marital Status</b>			
1	Married	144	72
2	Un-Married	36	18
3	Widow	12	6
4	Divorced/separated	8	4
	Total	200	100
<b>Educational Qualification</b>			
1	Graduation	48	24
2	Technical Degree	58	29
3	Professional Degree	42	21
4	Post-Graduation	36	18
5	Others	16	8
	Total	200	100

Nature of the Job			
1	Manager	28	14
2	Executives and Incharge	60	30
3	Clerks	112	56
	Total	200	100
Years of Experience			
1	Less than 5	28	14
2	5-10 years	52	26
3	15-Oct	46	23
4	15-20	34	17
5	20-25	24	12
6	25-30	12	6
7	Above 30	4	2
	Total	200	100
Income (in Rs. Per Month)			
1	Less than 25000	64	32
2	25000-45000	72	36
3	45000-65000	40	20
4	65000-85000	16	8
5	Above 85000	8	4
	Total	200	100

Source: Computed from Primary sources

The analysis of the opinion on the identified factors show that the sample bank employee respondents have highly agreed to the positive statements on the knowledge management factors.

Factors	Function
Knowledge gained in meetings are duly updated.	-0.263
Employees are provided hands on training on latest knowledge to improve the productivity in their service provision	1.536
Employees are provided freedom to create their elements of knowledge management	7.522
Department in charges are kept informed of what job is being done	0.017
KM is centralized in our bank	-0.132
Employees are responsible for getting required knowledge needed for his job	0.687
The Bank is totally concerned with improving the skills of the employees of my bank	0.041
Employees are motivated to create new knowledge	-6.601
Employees of bank are encouraged to get coordinated in their work	-3.255

The bank promotes sharing of existing knowledge among the employees	0.497
The bank employees are committed to create new knowledge	1.129
All the employees of the bank have equal access to available knowledge	-0.277
Access to few confidential data in the bank are restricted	1.771
Access to knowledge is available in the bank round the clock	-6.824
The new knowledge created in the bank is shared to all employees	-0.123
The bank always identifies the knowledge gap systematically	-0.094
Employees in the bank trust each other which helps to make better decision	-1.444
Information Technology is used to communication	0.378
The banks encourage individual interaction for knowledge creation	6.094
For improving the skill of the employees bank provides knowledge through training and development	3.121
The bank always has long term plan of knowledge management	-2.612
The knowledge gateway of the bank has sprawled across various activities of the bank with proper categorization	-1.218
The bank has sufficient security mechanism to maintain the secrecy of the knowledge assets.	1.697
(Constant)	-3.127

Source: Computed from Primary Data.

### Summary of Canonical Discriminant Functions Eigenvalues

Function	Eigen Value	% of variance	Cumulative %	Canonical correlation
1	1.840	100	100	0.805

### Wilks' Lambda

Test Function	Wilks' Lambda	Chi Square	Df	Sig.
1	0.352	194.692	23	0

The Analysis of Variance (ANOVA) applied to understand if there was any significance difference in the opinion between the public sector and private sector employees on each of the factors of knowledge management indicated that the calculated value provided in the table for each factors are all greater than the table value for  $F_{1,198}$  and at five degrees of freedom is 3.89. Hence, the Analysis of variance indicate the significance of the differences in the opinion between the sample employees of public sector banks and private sector banks on the 23 knowledge management factors considered.

In the discriminant analysis, as given in table 3, the group statistics indicated that almost for all the 23 factors, the average values are lower for private sector banks than the public sector banks implying that the private sector bank employees strongly agree to the 23 views on the adoption of the knowledge management practices in their banks. A lower mean value for the public sector banks indicates that the sample employees of this bank have moderately accepted these 23 factors. This is an indication of the differences in the adoption of knowledge management practices between the public and private sector banks.

The canonical discriminant function coefficients indicate that the factors like, 1) Employees are provided freedom to create their elements of knowledge management, 2) Banks encourage individual interaction for knowledge creation, 3) For improving the skill of the employees my bank provides knowledge training and development 4) Access to few confidential data in the bank are restricted, 5) The bank has sufficient security mechanism to maintain the secrecy of the knowledge assets, 6) Employees are provided hands on training on latest knowledge to improve the productivity in their service provision and the bank employees are committed to create new knowledge are highly discriminating factors between the public and private sector banks. These factors have registered coefficients greater than one.

### Educational Implications

In the digital era, technology-based knowledge management strategy assumes the primary role. The

present study could establish differences in the intensity in the use of knowledge management technique between public sector and private sector banks in the study area, namely the districts of Coimbatore. It is to be noted that the benefit of knowledge management is not limited just to private sector and foreign banks because of the availability of updated technology. In fact, with greater objective of bring equity in the society it is only the public sector banks that should have more access to the technology and higher knowledge management technique. Hence, the public sector banks are suggested to adopt knowledge management strategies effectively through the maximum use of artificial intelligence and machine learning technologies to have better returns and high competitive advantage.

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