# KNOWLEDGE MANAGEMENT AS A STRATEGIC TOOL IN BARCLAYS BANK OF KENYA

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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION (MBA), SCHOOL OF BUSINESS, UNIVERSITY OF NAIROBI**

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## DECLARATION

This management research project is my original work and has not been presented for the award of degree in any other university or institution for any other purpose.

Signature ……………………………………..                Date ……………………….

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**D61/71584/2007**

This management research project has been submitted for examination with my approval as University supervisor.

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# DEDICATION

To my family for support and understanding especially to my mum and dad who stood by me and supported me both morally and financially during my working on this project.

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My foremost gratitude goes to God Almighty who renewed my strength at every single stage of doing this proposal.

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# ABSTRACT

The management of knowledge is promoted as an important and necessary factor for organizational survival and maintenance of competitive strength. To remain at the forefront organizations need a good capacity to retain, develop, organize, and utilize their employees' capabilities. Knowledge and the management of knowledge appear to be regarded as increasingly important features for organizational survival. To remain at the forefront and maintain competitive edge, organizations have to harness all the resources at its disposal.

The objective of this study was to investigate knowledge management as a strategic tool in Barclays bank of Kenya. In attempting to get the objective, a case study research design was adopted. Eight respondents were interviewed and gave information that helped in arriving at the research objective and conclusion. An interview guide was used to guide the researcher in collecting data. Content analysis was then used to analyze the qualitative primary data which had been collected by conducting interviews and secondary information from the organization.

The study found out that the bank uses knowledge to leverage implicit knowledge and at the same time retaining knowledge of employees as they exit the bank. The increased competency in the bank was attributed to the increased knowledge base of the employees and the effectiveness of learning mechanisms that enable the generation of new competencies in the bank. The vision of the organization in the development and maintenance of knowledge management was to continuously improve its process and

procedures and maintain the knowledge management so as to remain a market leader in the banking industry, to ensure continuity of the bank as the best in the region and investing in a system that handles customer information in a more superior way and continue to invest more on new system in order to effectively manage the information it has and continues gathering more.

There was however some challenges which affected the implementation of knowledge management in a firm. This included situations where the managers in some cases implemented some KM strategies that was not the one suitable in the circumstance, lack of enough e-mails thus not all staff receive all important communications, operations change resulting to some roles been rendered redundant while at the same time changing majority of the others and intense training to re-adjust and change how information and knowledge is handled across the bank. In addition it was found out that top managers need to realize the internal and external environments for the knowledge management thoroughly for enacting proper strategies for enterprises to successfully implement the knowledge management programs. This study also shows that the implementation of knowledge management structures may not necessarily be driven by the level of awareness of the concept but may also arise from the banks efforts to create knowledge sharing environments and thus gain competitive advantage.

The study should be replicated in other commercial banks operating in the country and the results be compared so as to establish whether there is consistency on use and management of knowledge as a strategic resource and also whether the challenges which were highlighted by the bank as affecting their use and management of knowledge is the same. The study was based on a multinational bank which could have used KM in other countries and have known how to manage the knowledge and also the possible challenges which was encountered.

# TABLE OF CONTENTS

## LIST OF ABBREVIATIONS

KM - Knowledge management

CBK - Central Bank of Kenya

ICT - Information Communication Technology

ATM - Automatic Teller Machines

IT - Information Technology

HR - Human Resource

# CHAPTER ONE: INTRODUCTION

## 1.1 Background of the study

The shifting winds of change in today's business environment, where the market place is increasingly competitive and the rate of innovation is rising, have made enterprises realize that knowledge is their key asset. Drucker (1993) rightly points out that the most valuable assets of the 21st century enterprise are its knowledge and knowledge workers. The ability of enterprises to exploit their intangible assets has become far more decisive than their ability to invest and manage their physical assets. In order for enterprises to be successful in the exploitation of their knowledge assets an appropriate "fit" between the organization's mission and objectives and its knowledge management strategy should be found. This means that the goals and strategies of knowledge management should be reflective of those of an organization (Kim *et al.*, 2003). Strategists (strategic business managers and knowledge managers) should therefore take note of the major impact of knowledge on the formulation of corporate strategy and organizational success. Furthermore, enterprises need to ensure that their knowledge strategy and knowledge program is consistent with corporate ambitions, and that the techniques, technologies, resources, roles, skills, culture, etc. are aligned with and support the business objectives (Bater, 1999). When such alignment between the knowledge management strategy and the business strategy is clearly established, the knowledge management system is moving in a direction that holds promise for long-lasting competitive advantage.

The dominant paradigm in strategic management until the 1990s was that business management was determined by the appeal of the sectors in which the company was competing and by the competitive position of the company in those sectors (Wiggins and Ruefli 2002). This focus provides an external explanation for a firm's competitive advantage, based on capitalizing on the relative imperfections of the sector in which the firm is competing. However, in recent years the idea of analyzing firm's competitive advantage from an intra-organizational perspective according to its own capabilities has made the targeting of business strategies easier, (Ray *et al.,* 2004). This intra-organizational focus began to gain general acceptance towards the end of the 1980s and was fully taken on board by firms in the 1990s. It involved a switch towards an introspective search for the origin of and an explanation for competitive advantage. The firm is regarded as a unit; a single, organized group of heterogeneous assets that is created, developed, renewed, evolved and improved with the passage of time. The acceptance of the concept of the firm as a unit of resources and capabilities has prompted interest in identifying the nature of these varying resources and in evaluating their potential for generating profits. The management of knowledge is promoted as an important and necessary factor for organizational survival and maintenance of competitive strength. To remain at the forefront organizations need a good capacity to retain, develop, organize, and utilize their employees' capabilities. Knowledge and the management of knowledge appear to be regarded as increasingly important features for organizational survival.

### 1.1.1 Knowledge Management

Knowledge management is usually concerned with capturing an organization's know-how and know-what through creation, collection, storage, distribution, and application

(Miller, 1999). It means identifying and harnessing the collective knowledge of the organization gained through experience and competencies. And knowledge management (KM) is defined as a systematic, organized, explicit and deliberate ongoing process of creating, disseminating, applying, renewing and updating the knowledge for achieving organizational objectives (Pillania 2005b).

Knowledge management basically involves knowledge creation, knowledge dissemination and knowledge implementation. It is a wide field and draws from various disciplines. Globally, management scholars recognize knowledge as the key resource and KM as key concept for achieving sustainable competitiveness (Pillania 2007b). KM is a strategic management concept because knowledge is recognized as a key strategic resource and also because, like strategic management, it is a unifying concept drawing from various disciplinary areas like information systems, human resource management, economics, operations management.

According to Wiig (2007) identified there are two objectives of knowledge management: to make the organization act as intelligently as possible in order to secure its viability and overall success and to otherwise realize the best value of its knowledge assets. If this is the case, then the goal of knowledge management for an organization should be to create a learning organization that is capable of measuring, storing, and capitalizing on the expertise of employees to create an organization that is more than the sum of its parts.KM processes depicts the primary activities of the KM value-adding chain. To ensure effective KM processes, organizations must dedicate effort to building infrastructures that enhance knowledge systems, knowledge culture, organizational memory, knowledge sharing, and knowledge benchmarking. However, KM processes and their enabling capabilities do not automatically lead to performance outcomes. KM efforts must be effectively directed towards building and improving organizational capabilities, such as responsiveness to customers, new product development, organizational learning, and strategic flexibility. This requires that all the knowledge processes are inter-linked and aligned to the workings of the macro-structural enabling elements.

### 1.1.2 The Banking Industry in Kenya

According to the Central bank of Kenya 2009 annual report, there are a total of 45 licensed commercial banks in the country and one mortgage finance company. Out of the 45 institutions, 32 are locally owned and 13 are foreign owned. The locally owned financial institution comprise 3 banks with significant shareholding by government and state corporations, 28 commercial banks and 1 mortgage finance institution. However out of all the banks only 10 of them are listed in the Nairobi stock exchange having met the conditions of listing and applied for the same. The Central bank of Kenya annual supervision report (2009) categorizes the financial institutions into three tiers; Large, Medium and Small in terms of net assets. Out of the 45 institutions, 13 were in the large peer group with aggregate net assets of over Ksh 15 billion. This is the tier that Barclays bank falls based on both its asset and customer deposit base. The medium peer group comprise of 17 institutions with net assets ranging between Ksh 5 billion and 15 billion, whereas the small peer group had 15 institutions with net assets of less than Ksh 5 billion.

The banking industry in Kenya is governed by the companies Act, the Banking Act, the Central Bank of Kenya Act and the various prudential guidelines issued by the Central Bank of Kenya (CBK). Over the last few years, the banking sector in Kenya has continued to grow in assets, deposits, profitability and products offering. The growth has been mainly underpinned by an industry wide branch network expansion strategy both in Kenya and in East Africa community region as well as automation of a large number of services and a move towards emphasis on the complex customer needs rather than traditional ‘off-the-shelf’ products.

The CBK annual supervision report of 2009, the banking institutions will need to cope continuously with changing business environment and a continuous flood of new requirement via a robust ICT platform, while staying sufficiently agile. Consumers will continue to demand individualized goods and services, and to demand them faster than ever. Hence banks will continue aggressively design new products that leverage on ICT to remain competitive. Down streaming into the retail market segment will also be expected to continue particularly with the anticipated licensing of deposit taking Microfinance Institutions. Technological innovations have now made it possible to extend financial services to millions of poor people at relatively low cost. A case in point is mobile telephone money transfer services that allow mobile phone users to make financial transactions or transfers across the country conveniently and at low cost. Kenya’s mobile payment service, known as Zap and M-PESA, provided by the main mobile phone companies, Zain and Safaricom respectively represents a good example of how low-cost approaches that use modern technology can effectively expand the financial services frontier.

In the coming period, according to the same report, diversification into other financial services is also expected as consumers increasingly seek “one stop financial supermarket.” These developments are expected to enhance banking products being offered and bring more Kenyans into the banking space. However, the main challenges facing the banking sector today include the Finance Act 2008, which took effect on 1 January 2009 that requires banks and mortgage firms to build a minimum core capital of Ksh 1 billion by December 2012. This requirement, it is hoped, will transform small banks into more stable organization.

### 1.1.3 Barclays Bank of Kenya

Barclays has operated in Kenya for over 90 years. Financial Strength coupled with extensive local and international resources have positioned Barclays Bank of Kenya as a foremost provider of financial services. It has established an extensive network of over 115 outlets with 236 ATMs spread across the country. The bank's financial performance over the years has built confidence among the 48,000 shareholders, with a reputation as one of the leading blue chip companies on the Nairobi Stock Exchange. This means that the bank holds a big chunk of the Kenyan market share in providing financial services and is actually a market leader.

Regionally, Barclays bank Kenya has been considered as the most profitable subsidiary in the East and Central Africa market among other branches in the region (Barclays Africa, Annual report, 2009). It is on this strength that the local chapter has been found to put in place adequate mechanisms to maintain its knowledge management generated over the period in and out of the organization.

## 1.2 Statement of the Problem

The management of knowledge is promoted as an important and necessary factor for organizational survival and maintenance of competitive strength. To remain at the forefront organizations need a good capacity to retain, develop, organize, and utilize their employees' capabilities. Knowledge and the management of knowledge appear to be regarded as increasingly important features for organizational survival. To remain at the forefront and maintain competitive edge, organizations harness all the resources at its disposal. Employees are considered the greatest assets on which competitive advantage is built, whether in the public or private sector, whether in the corporate world or in the social world. In the words of the latest theory on human management, people are an "inimitable" asset. The one thing that competitor organizations cannot imitate is people and their skills. Thus the most important resource to an organisation is the knowledge and skill possessed by its employees. It is this knowledge and skill acquired over time and embedded in the firm's culture that that influences how it operates and determines its success.

When employees with knowledge leave a company, the consequences for the company go far beyond the substantial costs of recruiting and integrating replacements. There is a significant economic impact when an organisation loses any of its critical employees, especially given the knowledge that is lost with the employees' departure. Also, when a business loses employees, it loses skills, experience and 'corporate memory.' Another reason for the organizations to try to retain their employees and curb employee turnover is the costs attached with it. Hence, knowledge management and the practices associated with it have become accepted by managers in all forms of organizations as one of the most important strategic levers to ensure continuing success, (Boxall and Purcell 2003).

Recent studies done on knowledge management include: Nyawade (2005) which focused on the employee perception of knowledge management practices in British American Tobacco (BAT). The findings of the study were: that there is horizontal cohesiveness in the organization, improved processes that are supported by appropriate technology and human factors and organization culture is being practiced in the organization. Osano (2007) studied knowledge management within publicly quoted firms in Kenya and found out that; some firms require new mindset for them to change the organizational culture, greater management support will be required to increase resources being directed to knowledge management practices and the existence of an action plan which will enable knowledge management assets to be used to support organizational objectives.

In addition to the above studies, Asava (2009) studied knowledge management for competitive advantage within commercial banks in Kenya. His findings were: that banks recognize and realize the importance of knowledge management as a tool within the organization, Strategy adoption concerns the necessity for organizations to define and adopt relevant strategies in order to sustain the process of knowledge transfer, acquisition, creation and use. He also found out that commercial banks encourage knowledge sharing culture, best practices and smart working as key strategic actions.

This research will therefore seek to identify how Barclays Bank of Kenya has used knowledge management as a strategic tool in order to beat competition from its competitors. This problem statement leads to the following question: How has Barclays bank of Kenya used knowledge management as a strategic tool?

## 1.3 Objectives of the Study

The objectives of the study will be

i. To establish the challenges and state of knowledge management in Barclays bank.

ii. To establish how the organization utilizes KM as a strategic tool.

## 1.4 Importance of the Study

The study is important as it helped the top management of Barclays bank to compete effectively with other banks as they are able to carry out their functions effectively despite some of the strategic employees moving out of the bank. With a vibrant Knowledge management practices, the management of Barclays bank was able to set a clear vision that can be achieved within a given time frame. This is because with the available knowledge, the managers can more accurately set objectives that were possible to attain. This is more on establishing a knowledge base of what the organization’s reality looks like.

This study was of academic value to those interested in banking studies with an aim of establishing a business in the banking industry such as a conversion of a micro finance institution to a fully fledged bank since they were able to understand what to do right in order to succeed. This study benefited the government especially the Ministry of Finance for making policy decisions whose overall objectives are to accelerate the rate of growth in the banking industry sector and take advantage of the improved economy thus more lending to individuals and institutions.

This study increased body of knowledge to the scholars in the banking industry and make them in touch with the factors which commercial banks do to have a competitive advantage over their competitors.

# CHAPTER TWO: LITERATURE REVIEW

## 2.0 Introduction

This chapter summarizes the information from other researchers who have carried out their research in the same field of study. The specific areas covered here are theoretical origins to knowledge management, organizational knowledge as a strategic tool, ways of managing organizations knowledge, knowledge management enablers, types of knowledge management, factors to consider in km strategy, the knowledge management process cycle, organizational capabilities and performance and barriers to effective knowledge management.

## 2.1 Theoretical Origins to Knowledge Management

The field of KM can be seen as an integral part of the broader concept "intellectual capital", Roos *et al.*, (2007). According to Guthrie (2006) the distinction between KM and "intellectual capital" is that KM is about the management of the "intellectual capital" controlled by the company. However, too often the delineation between the two terms is unclear and seldom adequately addressed. A firm's tangible and intangible resources, which are under the control of the firm's administrative organ (referred to as an organization's condition in Rutihinda, 1996), may be grouped into two main categories: firm resources and firm capabilities (Grant, 1991). According to Grant (1991), this designation implies that resources are inputs into the production process and the capability of a firm is the capacity, what it can do, as a result of teams of resources working together. A firm's distinctive competence is based on the specialized resources, assets, and skills it possesses, and focuses attention on their optimum utilization to build competitive advantage and economic wealth (Penrose in Rutihinda, 1996). From the theory of the firm, two basic theories have emerged: resource-based theory and knowledge-based theory.

Knowledge-based theory of the firm postulates that knowledge is the only resource that provides sustainable competitive advantage, and, therefore, the firm's attention and decision making should focus primarily on knowledge and the competitive capabilities derived from it (Roberts, 1998). The firm is considered being a knowledge integrating institution. Its role is neither the acquisition nor the creation of organizational knowledge; this is the role and prerequisite of the individual. Knowledge resides in and with individual people, the firm merely integrates the individually owned knowledge by providing structural arrangements of co-ordination and co-operation of specialized knowledge workers. That is, the firm focuses on the organizational processes flowing through these structural arrangements, through which individuals engage in knowledge creation, storage, and deployment (Roberts 1998).

## 2.2 Organizational Knowledge as a Strategic Tool

Employee know-how and organizational culture are said to possess the characteristics of strategic assets (Michalisin *et al.*, 2007). Employee know-how is one component of organizational knowledge and a crucial strategic resource, De Hoog and van der Spek, (2006). If the process of knowledge management is a function of the organizational culture and employees' collective knowledge, then it follows that organizational knowledge is almost certainly a strategic asset. To be a strategic asset, the resource must be inimitable, rare, valuable and non substitutable.

According to Michalisin *et al.*, (2007), each individual in the organization contributes knowledge based on personal interpretation of information. Group interpretations and assimilation of knowledge are dependent on the synergy of the total membership of the group. In addition, organizational knowledge is built on the unique past history of the organization's own experiences and accumulated expertise. Therefore, no two groups or organizations will think or function in identical ways. Organizational knowledge is the sum of employee know-how, know-what, and know-why. Since it is dependent on the knowledge and experiences of current and past employees, and is built on specific organizational prior knowledge, it is rare, (De Hoog and van der Spek 2006). According to Michalisin *et al.*, (2007), new organizational knowledge results in improved products, processes, technologies, or services, and enables organizations to remain competitive and viable. Being the first to acquire new knowledge can help the organization attain a valuable strategic advantage. The synergy of specific groups cannot be replicated. Thus the group represents distinctive competence which is non-substitutable.

## 2.3 Ways of Managing Organizations Knowledge

Knowledge management is so crucial to the running of an organization such that for it to achieve the desired objectives there should be a thorough management of knowledge. KM involves

### 2.3.1 Knowledge-based systems

Some organizations are concerned mainly with capturing explicit knowledge and others are attempting to collect tacit knowledge through the use of expert systems and artificial intelligence. Knowledge-based systems (KBS) perform knowledge processing based on expert systems or deductive databases to help users find acceptable solutions to problems (Hayes-Roth and Jacobstein, 2004). This approach allows firms to capture knowledge by culling it from experts. Limitations to implementation include the need to overcome cultural barriers related to giving up information and relatively high expenses.

According to Shum (2007), this method is good for informal knowledge types and linking ideas without specifying relationships or roles. It is useful for documenting discussions and related documents for organizational memory. Learned lesson databases involve articulation of the assumptions and processes that are followed when determining a solution to a particular problem, in a format that can be later retrieved. These types of systems are software and database tools that capture and codify tacit knowledge. According to Logan (2001) intelligent tools are used to anticipate user needs and to cull new knowledge from existing knowledge bases. Collaboration tools such as GroupWare are useful for facilitating team meetings, particularly when project teams are composed of participants from diverse locations.

Most knowledge management systems involve some aspect of computer information technology. However this is not a prerequisite. Organizational knowledge can be effectively managed by employing traditional mechanisms such as cross-functional project teams. Formal mentoring programs will allow senior employees to share their expertise with junior employees. Some mechanisms, such as project management systems or customer management systems, employ a mix of technology and non-technology. It should be noted that there is no “one-size-fits-all” solution for knowledge management although some software products are represented in that manner (Davenport *et al*, .1998).

## 2.4 Knowledge Management Enablers

According to Grant (1997) KM enablers are capability-building items. They are the underlining factors that enable KM processes to arrive at the anticipated results. The processes capture fundamental KM activities. Such activities cannot distinguish one organization from another, because KM processes in themselves are not sufficient to explain performance differences. It is the way these processes interact and embed within the organizational enablers that defines performance outcomes. These enablers are

The Management of the knowledge system which according to Lei, D (2003), involves the organizations possessing the capability of utilizing information technology to facilitate KM processes as well as promoting dialogues and communications. Broadly speaking, information technology can be seen as embodying two general capabilities: managing codified knowledge and creating knowledge networks.

Regarding knowledge culture, technology itself does not deliver KM, but inspires the vision of “a new world of leveraged knowledge” (McDermott, 1999). Adoption of information technology must be coupled with knowledge-friendly organizational culture in order to deliver performance. For instance, extracting and codifying individuals’ knowledge disconnects seekers from providers and significantly reduces a provider’s control over who has access to this knowledge. This creates a set of conditions that allow managers to increase their control over most employees. This sets up conditions under which codified knowledge is likely to reduce employee power. It is, therefore, not surprising that employees are sometimes resistant to contributing to knowledge repositories. Organizations need to adopt a knowledge culture that reduces the fear in employees of redundancy after they have contributed their knowledge in the quest for organizational competitive advantage.

According to Ostro (1997) oorganizations need the development of organizational memory in order to develop the capability to remember what worked and what failed and ensure that useful lessons were captured, conserved, and can be readily retrieved when needed. Such knowledge ought not to be restricted to those codified and stored in the organizational systems, such as routines and best practices, but also includes tacit knowledge such as experiences and expertise possessed by individuals. Organizational memory underlines the ability to capture both explicit and tacit knowledge, and most importantly to make it more easily retrievable, updated, accurate and relevant.

Effective KM requires a constant flow of knowledge, rather than simply accumulating a stock of it (Logan 2001). Knowledge flow is what facilitates the connections between seekers of specific knowledge and the providers of needed knowledge. Sharing involves taking account of the human elements, not just focusing upon the technology that supports it. Organizations should promote knowledge sharing beyond work process-related knowledge flow and sharing by contributing and retrieving from knowledge repository by actively promoting communities of practice. Collis (1994) stresses the need for the organizations to have knowledge benchmarking in order to possess the capability of measuring its knowledge assets against other organizations in order to identify level of comparative knowledge performance and the knowledge gaps. Knowledge benchmarking facilitates adoption of KM best practices, and consequently can improve knowledge-based capabilities for sustainable competitive advantage in the marketplace.

## 2.5 Types of Knowledge Management

Organizations can highlight elements that create synergies to turn their KM strategies into an organization wide implementation. In generic terms, there are three types of KM approaches: the tacit approach, the explicit approach, and the strategic approach.

### 2.5.1 The Tacit KM Approach

The tacit approach can be vividly depicted as the person-to-person approach, because it emphasizes primarily on supporting interaction among people (Nonaka and Konno, 1998). The focus is to tap into tacit knowledge, such as the expertise and individual experience, rather than knowledge objects in the database. The best method of sharing tacit knowledge is through dialogues between individuals. Knowledge that has not been or could not be codified is transferred in brainstorming sessions and one-to-one conversations. The knowledge repository is a by-product of interaction and collaboration rather than the primary focus of the application. The approach stresses the importance of personal, experiential and social knowledge. It is achieved in a cultural, socio-historical context usually made available through the everyday experience of individuals.

According to Lara *et al.*, (2002) KM at Toyota is heavily driven by sharing tacit and explicit knowledge through inter-personal contacts. The key platform of knowledge creation is the "phenomenal" place, which emerges between individuals, in project teams, community of practices, meetings, via e-mails, or through contacts with customers and suppliers. Such a place is called "Ba". Ba evolves along three different dimensions: the physical space, such as a meeting room; the relational space, such as the patterns of interaction, emotion, and thought; and the deep tacit or spiritual place, such as the sources of one's creativity, purpose and energy. In the spiritual space, the organization can create common goals to promote interactions, and fosters love, care, trust, and commitment among organizational members (Nonaka and Konno, 1998). The tacit KM approach underscores the knowledge dissemination and creation processes enabled through knowledge sharing. In turn, knowledge sharing requires a knowledge friendly culture. These elements are highlighted in the knowledge value chain and are key in the implementation of a tacit KM approach. The interactions between explicit and tacit knowledge are effective mechanism of knowledge creation and new product development.

### 2.5.2 The Explicit KM Approach

The explicit KM approach is also called the person-to-document approach, in the sense it emphasizes knowledge contribution to the central repository, where individual knowledge seekers can retrieve for use. The focus is to generate a sequential flow of explicit knowledge into and out of a knowledge repository. A key process of such approach is knowledge codification knowledge is extracted from the person who developed it, made independent of that person, and reused for various purposes. Knowledge producers and users interact with the repository respectively rather than with each other directly. The repository becomes the primary medium for knowledge exchange, providing a place for members of a knowledge community to contribute their knowledge and views (Hariharan 2002).

According to Gupta et. al., (2002) the rationale of this approach is based on the belief that it is difficult to preserve and share knowledge stored in the minds of individuals, since people move on to new roles. Knowledge culture is there to underline the processes of knowledge identification, acquisition, codification, storage, dissemination and retrieval. All the processes are made possible via information technology. In order to be successful in KM, these processes, together with knowledge systems and organizational memory need to be managed to produce the expected outcomes. The explicit KM approach centralizes knowledge possessed by individuals and makes it available to a wide range of organizational members. Such an approach helps facilitate organization-wide access to market information, and thus enhances the ability to respond quickly to marketplace demands.

### 2.5.3 The Strategic KM Approach

The key attribute of the strategic KM approach is systematic. This approach conducts KM from the strategic point of view. KM strategies are closely linked to overall business strategy. On the one hand, market and environmental knowledge is collected to feed into the business strategy. On the other hand, there is clear focus on KM implementation within the framework of overall business strategy. Additionally, business strategy drives the changes towards better alignment between strategy, culture, structure and technology. This systematic approach to KM requires top management support as well as organization-wide participation (Foote, 2006). KM performance measurement is an integral element of the systematic approach.

The strategic KM approach particularly emphasizes knowledge benchmarking, either internally or with other organizations, to identify the knowledge gaps and KM best practices. It is essential for organizations to develop the ability to identify knowledge from a strategic point of view, obtain and absorb such knowledge, and consequently refine it for organizational use (Taylor *et al*,. 2005). These elements should be highlighted in the knowledge value chain in order to achieve strategic flexibility though KM.

## 2.6 Factors to Consider in KM Strategy

To successfully create and implement a knowledge management strategy, Coleman (1998) suggested that certain critical elements must be included. A KM strategy should be linked to what the organization is attempting to achieve. It is also important to articulate the purpose of the KM strategy. What benefits does the organization expect to gain from their work with KM? How will it affect the employees' work? (Klaila, 2006). The personnel function should focus on top management to encourage processes that will promote cross-boundary learning and sharing. This includes helping to set up and, possibly, fund knowledge networks, as well as defining and developing the skills of learning from other people (Mayo, 1998). Organizations that have achieved the greatest success in KM are those that have appointed a senior-level executive to assume the mantle of full-time chief knowledge officer (Gopal and Gagnon, 1995).

Saunders (in Ash, 1998) found that the missing factor in strategic management texts was communication. According to the consultants, a large proportion of the organizations failed to implement the strategies because of a lack of communication. Only a few companies designed a "good" communication plan to follow through on business strategies. After reviewing nearly 200 articles and conference proceedings on data warehousing, Keen (1997) was struck by how little is said about action – "real" people making "real" decisions to have a "real" impact. They do not look at how those real people become informed. According to Kao (2006) a good strategy to work with KM issues is not enough. The author describes the link between strategy and creativity. A connection between these two allows organizations to survive in the future. The implications of business creativity will depend upon the type of fusion created between KM and the basic skills of creativity management (Kao, 2006).

Successful implementation of KM is linked to such entities as culture and people. In the view of the best-practice organizations, people and culture are at the heart of creating a successful knowledge-based organization. The biggest challenge for KM is not a technical one it can be integrated into any number of information technology but a cultural one (Koudsi, 2004). It is the difficult task of overcoming cultural barriers, especially the sentiment that holding information is more valuable than sharing it, (Warren 1999). The ability to share knowledge and collaborate is all too often missing in our organizations (Mayo, 1998). Efforts to deploy KM group-ware are frequently met with employee reluctance to share their expertise (Cole-Gomolski, 1997). The likely reason for this is that employees are competitive by nature and may be more inclined to hoard than share the knowledge they possess (Forbes, 1997). On the other hand, a better process of sharing knowledge benefits the firm. Mayo (1998) feels that recruiters should look for capabilities to share knowledge with new employees, as well as assessing what new knowledge they can bring to an organization. Part of the introduction process for recruits should involve "capturing" their knowledge and experience. Although most new employees bring useful specialist experience with them, few people tap this rich reservoir of information. Meanwhile, the introduction should also be about passing on the experience of predecessors to new employees. Mayo (1998) points out that there is an unwillingness to trust employees with information. A favourite excuse given by organizations that withhold information is one of "commercial sensitivity", which reflects an unwillingness to trust employees with information.

One of the most important issues when working on a KM strategy is to create the right incentives for people to share and apply knowledge (The Banker, 2004). The personal reward systems must support the culture of sharing knowledge, Mayo (1998). To improve this process it is crucial to reward employees that contribute their expertise and to make sure employees understand the benefits of KM, (Cole-Gomolski 2006b). The organizations should ask themselves the following questions: Are the employees receiving signals that encourage the process of sharing knowledge? What criterion is used for promoting staff? Are instances in which the business has benefited from sharing learning publicly celebrated? Are mistakes made that could have been avoided if it had been known that similar errors had happened in the past? (Mayo, 1998).

A problem with many reward systems and incentives for sharing knowledge is that useful knowledge comes from relatively low down in the organization, from people who are not on incentive systems and probably respond much more readily to the feeling that they belong to highly motivated, leading edge, innovative groups of people. This probably means in the end that the pivotal role is played by culture; by an unquestioned, even unconscious, code that encourages knowledge sharing and co-operative behavior (The Banker, 2004).

It is important to create time and opportunities for people to learn. One successful approach is to create formal learning networks so that the identification and transfer of effective practices become part of the job (Galagan, 1997). The greatest enemies of knowledge sharing are the time that is required to input and access information and the lack of motivation among potential users (Mayo, 1998). It is important to create a system for evaluating the attempts that are made to use KM. The evaluation system can range from informal attempts, such as talking to people about how “best practice” is shared within the firm, or to the use of far more sophisticated tools to measure the outcomes (The Banker, 2004).

## 2.7 The Knowledge Management Process Cycle

The knowledge management process cycle, as developed by van der Spek and de Hoog in (1995), typically follows four phases: Conceptualization is the process of identifying, representing, and classifying knowledge with respect to organizational processes and employees. The outcome for this phase is a model of the current knowledge infrastructure (Wiig, 2007). However before conceptualization can occur, an organization must have experience. The knowledge management process cycle is actually a reflection of the cycle of organizational learning. Kolb's (1996) adult learning model whereby knowledge is created through the transformation of experience can also be applied to organizations. In the first step, the organization engages in concrete experience, where it gathers knowledge based on the experiences and expertise of its people. In step two, it involves reflective observation, in which the organization analyzes the current infrastructure from a socio technical viewpoint to ensure systems are sufficient to meet the needs of the organization and encourage knowledge sharing. In step three, we engage in conceptualization to determine an appropriate course of action. Step four involves active experimentation, where we implement our plans for the knowledge infrastructure. This process is cyclical, since learning occurs as a continual loop.

Reflection involves an analysis of strong and weak points, and determining where opportunities for improvement to the knowledge infrastructure lie (Clarke, 2001). The act phase consists of the actual consolidation, integration, development, and distribution of knowledge. The outcome for the act stage is the actual implementation of a new knowledge infrastructure. The fourth phase of the knowledge management process cycle is the review of the results of actions taken, using assessment criteria. Criteria should consider whether the infrastructure contains the right knowledge, whether the knowledge infrastructure is stable or susceptible to change, whether it is in a form that permits easy use, and whether the people who need the knowledge can easily access it (Wielinga *et al.*, 1997).

## 2.8 Organizational Capabilities and Performance

According to Martin (2000), KM processes depict the primary activities of the KM value-adding chain. To ensure effective KM processes, organizations must dedicate effort to building infrastructures that enhance knowledge systems, knowledge culture, organizational memory, knowledge sharing, and knowledge benchmarking. However, KM processes and their enabling capabilities do not automatically lead to performance outcomes. KM efforts must be effectively directed towards building and improving organizational capabilities, such as responsiveness to customers, new product development, organizational learning, and strategic flexibility. This requires that all the knowledge processes are inter-linked and aligned to the workings of the macro-structural enabling elements. Good inter-linkage and alignment underlies building enhanced capabilities, which consequently allows KM to deliver expected performance outcomes. To build sustained bottom-line performance, companies must first build four key mediating outcomes.

Organizations must have the ability to identify customer needs, give customers what they want, when they want it, and at a price they are willing to pay. At the same time, organizations must be able to fulfill their own desired long-term profitability. Developing superior responsiveness to customers requires detection, generation and dissemination of market-based knowledge, as well as the ability to absorb such knowledge and transform it into superior value for customers in the marketplace (Cole-Gomolski, 2006b). Organizations must be able to understand and manage their experiences. Individuals must be inspired to inquire into problematic situations on the organizational behalf. The culture should empower people in the organization to expand their capacity to create the results they truly desire, and devote to continually learning how to learn together (Demarest, 2002). This is the driving force of continuous transformation of the entire organization and its business contexts.

An organization’s ability to successfully introduce new products to existing markets or opening up new markets plays a key role in constantly renewing its competitive advantage in the marketplace (Harari, 2003). The synergies of flexibility of resources available for use by the organization and flexibility in coordinating and applying such resources to various uses are imperative for organizations to adapt themselves in response to changing marketplace opportunities. Strategic flexibility encompasses the ability to identify new uses for resources, envisage new configurations of resources chains, and deploy new resources effectively in a given resource chain (Malhotra, 2004).

## 2.9 Barriers to Effective Knowledge Management

Most of the barriers to effective knowledge management involve people. Humans are complex with diverse psychological needs. Most knowledge management systems require that data and documents be stored in knowledge bases. From an organizational perspective, the process of building these knowledge repositories can be very time-consuming, labor intensive, and costly. People are already busy, and sharing knowledge may mean changing the way they work or adding extra steps to the process to extract the data and enter it into a repository (Cole-Gomolski, 1999). There has been a proliferation of jargon concerning knowledge management, which adds to the confusion. In addition, there have been significant limitations to the achievement of knowledge processing and knowledge-based systems (KBS) to date. Tools of knowledge engineering are being adapted for use in knowledge management but the technology is not yet sophisticated enough for large-scale application. Keeping track of discussions, decisions, and their rationale can be difficult when teams work on temporary projects (Shum, 1997). It is difficult to codify tacit knowledge. In addition, knowledge is constantly changing both at the individual and organizational levels. The gap between what people actually do to perform their jobs and how it is documented is difficult to bridge due to the spontaneous actions people take in response to unexpected challenges and problems (Brown and Duguid, 2000). Knowledge bases that require a great deal of upkeep may tend to fall into disuse and decay due to obsolete information. Also, information taken out of context can be misleading and misinterpreted (Shum, 1997). Sometimes, too much information is available, and people are unable to assimilate it due to sheer volume and lack of appropriate tools. This results in information overload, frustration and demoralization. If workers do not see the benefits of the application, they will not use it (Cole-Gomolski, 1997).

From a team/group perspective, team members may be reluctant to share knowledge if they fear criticism from their peers, or recrimination from management. There may also be subversion of group efforts if there is a lack of respect, trust, and common goals. Reward systems are sometimes based on what a person knows and individual effort, and may be a source of advancement within an organization. One way to overcome this is to reward information sharing, but this can be difficult to measure. Once a reward system has been instituted, the quantity of knowledge shared is likely to increase, but the quality may decrease (Scheraga, 1998).

At the individual level, people are often reluctant to share information. Professional knowledge is perceived as a source of power (Quinn *et al.*, 1996). There is a sense of worth and status to be gained because of expertise. People tend to have feelings of "ownership" and hoard knowledge (Cole-Gomolski, 1997). There can also be fear that there will be a diminished personal value after giving up know-how (Hibbard and Carrillo, 1998). In addition, competition among professionals can be intense. Many professionals have little respect for others outside their field. People are very mobile. Thus knowledge is volatile and vulnerable to loss (Jordan and Jones, 1997).

In light of the aforementioned obstacles, if the culture is not supportive, or the reward system favors only individual effort, it may be difficult to get people to work together. There may be fear of criticism from peers or management. Some organizations use a chief knowledge officer (CKO) to coordinate the knowledge management effort. However, this could send the wrong message (Cole-Gomolski, 1999) since most knowledge sharing occurs within business units. Also, knowledge management implies controlling people, and if that is the employees' perception, it will be destined to fail High levels of motivation, creativity, and adaptability are required for the "care-why" level of knowledge to exist (Quinn *et al.,* 1996). This in turn is dependent on the culture of the organization. People will not use the technology, and may even subvert it, if there is a lack of trust and respect, and if they sense a lack of interest in common goals (Carayannis, 1998). Some of these problems may be averted if knowledge management is implemented within a business unit rather than organization-wide.

# CHAPTER THREE: RESEARCH METHODOLOGY

## 3.1 Research Design

The study was modeled on a case study design. Kothari (1990) defines a case study as a powerful form of qualitative analysis and involves careful and complete observation of a social unit be it a person, family, cultural group or an entire community and/or institution. The study will focus on knowledge management as a strategic tool in Barclays Bank. The results are expected to provide an insight in understanding how the bank uses knowledge management as a strategic tool.

The competition within the banking industry is one which involves poaching of employees and therefore the challenge which the bank faces is the maintenance of the knowledge which they have invested on individuals by sponsoring them to undergo training out of the country and also to attend seminars both within and outside the country. This therefore necessitates the transfer of knowledge from one employee to another so that incase one employee leaves the bank there is a smooth transition.

## 3.2 Data Collection

The study used primary. Primary data was collected through a face to face interview by the researcher. An interview guide was used to collect data on knowledge management as a strategic tool. It provided a guide on the key areas to focus on and also to aid in creating a platform for discussion with the respondent.

The respondents consisted of twelve members of management team. These respondents were involved in the management of the company and others are involved in the day to day running of the company. The Board is involved in overseeing the implementation of policy issues while the management team comprised of the Manager, Deputy Manager and all the departmental directors.

## 3.3 Data Analysis

The data collected was qualitatively analyzed by use of content analysis technique which is a systematic qualitative description of materials of a study. The information was analyzed and evaluated to determine their usefulness, consistency, credibility and adequacy. The content analysis technique was used because it assists in making inferences by systematically and objectively identifying specific messages and then relating them with their occurrence trends.

# CHAPTER FOUR: DATA ANALYSIS, FINDINGS AND DISCUSSIONS

## 4.1 Introduction

The research objective was to establish how Barclays Bank of Kenya uses knowledge management as a strategic tool and also determine the nature of challenges that Barclays Bank faces in the use of knowledge management as a strategic tool. This chapter presents the findings and analysis with regard to the objective and discussion of the same.

## 4.2 Respondents Profile

The respondents comprised the management team of Barclays Bank of Kenya. In total, the researcher interviewed eight respondents out of ten respondents that had been intended to be interviewed in the research design. Two of the respondents were not available during the interview period as one of them was out of the country while the other one was in the branches conducting some training to the staff. As a result the response rate was around 80%. All the respondents had first university degree while four of the respondents had masters' degree in addition. All the respondents, representing 100%, had worked in the organization for over four years. With their solid background in the affairs of the organization, the respondents were found to be knowledgeable on the subject matter of the research and thus help in the realization of the research objective.

## 4.3 The Extent of Knowledge Management as a Strategic Tool

In this section, the respondents were to give their independent opinion on how Barclays Bank of Kenya uses knowledge management as a strategic tool. It was important to understand the usage of Knowledge management in the bank as it enables the bank to gain competitive advantage over its competitors.

The respondents unanimously agreed that the value of knowledge in the firm is held by the staff and this is maintained in the firm by hiring, developing, recognizing, rewarding and retaining the best professionals as the market place is increasingly competitive and the rate of innovation is rising which necessitates retention of the knowledge by the bank in order to gain competitive advantage over its competitors. All the respondents observed that the introduction of KM in the firm involved the construction of knowledge within the bank which involved both scientific and social contribution. They highlighted that the scientific process involved the creation of a software and incorporated the input of the IT and HR specialist in the bank and also some consultants that were contracted to come and aid in the development of the system. The bank according to the respondents obtain greater competitiveness through training, encouragement, sharing the knowledge and the best practices, constant change of procedures and processes in the firm, through market survey which involves eliciting opinion from the customers on how to serve them and through coaching and mentorship which creates sustainability and improve operational excellence.

Imitation of an organization processes by competitors result sharing of customers by the banks since they serve the customers in the same manner and thus little difference in terms of customer service and knowledge management. The bank avoids imitation by other competitors by having the employees sign a confidentiality clause, having more on the job training as opposed to classroom modules, integrating the staff in the banks culture of non disclosure of information, by acting within the highest level of integrity to retain the trust of customers, external stakeholders and other employees. The exploitation of the resources in order to implement knowledge management by the bank is done by proper distribution of staff that has the knowledge to all branches and departments, through a winning together spirit that does not discriminate colleagues despite their diverse backgrounds, engaging the staff in collecting feedback from the market and also encouraging its customers to give feedback on what they would like the organization to do for them.

The respondents on this particular research did indicate that the organization has the major weakness of the bank as far as knowledge was concerned was lack of faster communication in case of change in procedures and processes, staff turnover especially those who have been in the organization for long and staff turnover to the banks competitors who will in turn move with the knowledge which they have gained in the bank and uses it to the benefit of the competitors. Majority of the respondents, 75% said the major approaches which the firm have in instituting knowledge management was running a training centre where employees are frequently taken to be trained and for bonding session, appointing experienced employees as trainers, encouraging employees to pursue the banks exams to assess how the staff are understanding new and existing knowledge and also intra function attachment programs to allow functions trade and exchange ideas and skills.

The respondents highlighted various factors for carrying on business the way they do it and some of them were the need for continuous improvement so as to remain a notch higher than the competitors, help run the bank with maximum efficiency, to manage the employees efficiently since they are the holders of the knowledge which the firm seeks to maintain, to ensure that the bank maintains a strong customer focus that is based on understanding what the bank customers and clients want and to uphold the signed contract which emphasizes the laid down procedures on how to deal with all information. This therefore justifies the banks changing trend and focus on serving their customers. The firm management to maintain status quo in the management of knowledge was driven by the idea of keeping competition at bay, ensuring uniformity of procedures and processes throughout all the functions, ensuring the best practices are carried out so that competitive edge can be maintained and to sustain the banks knowledge base.

The respondents on this particular research did indicate that the organization has achieved several changes as a result of the adoption of the KM practices in the firm. They indicated that, the prestige of partners in service firms, their tacit knowledge gained through experience, and their social capital can be helpful in the implementation of their firm's strategy. As a result of this, the availability of this knowledge readily in the firm was recognized to go a long way in the development of strategies and also its implementation. Employees in the firm that are engaged in the formulation and implementation of strategies are specialized and are limited. As a result the knowledge they are privy with; gained through experience in the firm or other organisation will be quite invaluable. Hence the recognition of the firm that they can loose the same knowledge through natural attrition or movement of employees to other greener pastures necessitated the development and implementation of KM. The firm has thus with the implementation of the KM improved its process of strategy development and implementation and also quality thereof.

In addition with the adoption of KM by the organization, the respondents noted that the organizations ability to act has been enhanced due to the increased competency of the employees. The increased competency in the firm was attributed to the increased knowledge base of the employees and the effectiveness of learning mechanisms that enable the generation of new competencies in the firm. One of the respondents explained rightfully that combination of all knowledge assets and cognitive processes has allowed the organization to carry out its business processes. These increased competencies of the firm as a result of the improved KM, is reflected by the firm's ability to repeatedly perform a coordinated set of tasks that create value.

The vision of the organization in the development and maintenance of knowledge management was to continuously improve its process and procedures and maintain the knowledge management so as to remain a market leader in the banking industry, to ensure continuity of the bank as the best in the region and investing in a system that handles customer information in a more superior way and continue to invest more on new system in order to effectively manage the information it has and continues gathering more. All the respondents unanimously agreed that they consider some external factors before and during implementation of the knowledge management system which includes knowing the market and activities of competitors, size of the firm to its different sections, cost of knowledge management system, method of dissemination of information in the firm, competitive advantage and cost of the system were some of the factors considered.

## 4.4 Challenges Facing Implementation of KM at Barclays Bank

The implementation of KM practices at Barclays bank has not been free from challenges. There were fundamental challenges that faced the firm and originated from lower degrees of fitness between the organizations knowledge management activities and the external as well as the internal environments confronting the enterprise. The results of the study show that the major external environment factors affecting the enterprises, as enumerated by the respondents included cost, quality of the product, time and flexibility, all of which are used for enhancing the competitiveness of an enterprise.

The overhaul of the core banking platform in the bank was the key technological change introduced by the bank and which was meant to improve the way the employees but in turn brought some challenges which included lack of enough e-mails thus not all staff receive all important communications, operations change resulting to some roles been rendered redundant while at the same time changing majority of the others and intense training to re-adjust and change how information and knowledge is handled across the bank. At the same time, information technology acts as a supporting tool to provide a friendly environment to standardize and store the knowledge, as well as to do the communication for the knowledge between employees or different parties. Furthermore, knowledge management plans should also include the design of the business's workflow and its functions. The respondents recommended that before an enterprise decides to introduce a knowledge management system, it should provide a reasonable and comprehensive plan for the entire organization. However, in the case of Barclays bank, the respondents unanimously agreed that there existed some discrepancies because some employees did not fully understand what the knowledge management system is and were afraid that their personal value might be negatively affected after sharing their knowledge. Improvement in technological change led to faster extraction of information relating to a customer and decline in turnaround time owing to the new system by both the customers and the staff.

The role for top managers in implementing knowledge management is to review the internal and external environments of the enterprise in order to understand its strength, weakness, opportunities, and threats in conducting knowledge management activities. However, the research found out that in the case of Barclays bank, the managers in some case implemented some KM strategies that were not the one suitable in the circumstance. One of the respondent noted that top managers should understand whether or not an enterprise can rely on itself to create specific types of knowledge that are components of core knowledge and if not if determine whether there will be need to enter into some form of alliances or joint ventures. Seven of the respondents, representing 87.5% of the sample, noted that the perceptions of top managers about the competitiveness that can be acquired from knowledge management may be too optimistic or too pessimistic to formulate a suitable goal for the knowledge management system. Hence as was noted, the knowledge required by the organization to improve its competitiveness could differ with the KM strategy actually being implemented by the organization.

External analysis is crucial from the strategic aspect of knowledge management, because it ensures that the enterprise can appropriately implement the knowledge management program to achieve a sustainable competitive advantage. In this process, the weaknesses in competitors must be exploited and their strengths must be bypassed or neutralized. With this in mind, the respondents noted that the critical task of top managers is to identify the core knowledge which is necessary to achieve and maintain competitive advantages. However, 75% of the respondents observed that the organization lacked a clear goal and blueprint of what the added value that can be fostered from the knowledge management system. With this challenge, the respondents noted that the organization was not able to launch its knowledge management system in for the organization to successfully implement the knowledge management programs. To counter this challenge, the respondents concluded that an organization conducts a complete self-diagnosis to help top managers thoroughly realize what knowledge the enterprise needs to sustain competitive advantages.

Although top managers recognize the need for the acquisition of knowledge, some respondents observed that some of the managers were not able to define the knowledge clearly due to their inability to effectively describe what they need and also the top down strategy where the information is cascaded down rather than a down up strategy which sets a greater view of the larger team and is easier to assimilate as the implementation team claims ownership of the process changes. These managers were unable to perceive the knowledge that the enterprise needs to convey concretely into the implementation plan for the knowledge management system. This resulted in a misfit between the perception of the top managers and the enactment of the plan for the knowledge management system.

Another challenge that was noted by the respondents that affected the KM implementation was the lack of a comprehensive plan to define the steps needed to implement the KM system. Employees' were unwilling to share their own knowledge or their inability to understand exactly what knowledge management system will create. In the case of the organization the plan failed to include time frames, people involved, and resources required. The respondents thus noted that the firm needs to formulate an appropriate and full knowledge management plan which can holistically integrate the knowledge capabilities of all departments to create value for the organization.

Perhaps the most prominent challenge that was witnessed by the organization was the reluctance of the employees to share the existing knowledge in the organization. Some members of staff refused to participate in the implementation of knowledge management system. They argued that they had spend much time to accumulate their personal knowledge for enhancing their performance in the organization, and thus the organization should foster an atmosphere that emphasizes sharing knowledge and innovation explicitly. The respondents acknowledged that, knowledge workers usually do not want to share their intellectual assets with others, and the competition between knowledge workers often hinders sharing the knowledge. The power of knowledge comes from what workers know, and strong incentives promote sharing knowledge. As a result, they argued that if they share the same knowledge, they might be uncompetitive in the organization and hence there will be reluctance to sharing the knowledge to enhance the enterprise's competitiveness.

Effective implementation of knowledge management strategies includes a clear definition of what knowledge needs to be achieved and what motivations must be created. Two of the respondents noted that in the case of Barclays bank, the organization did have a complete measurement system to evaluate whether the knowledge gained will enable the enterprise to enhance their competitiveness after the implementation of knowledge management activities. The measurement process will consist of identifying and recognizing value-adding processors and resources, assessing and comparing the execution of knowledge management activities, and evaluating the impact of an organization's knowledge management conducted based on bottom-line performance, which must have taken place to completely understand the present position of the firm.

Another challenge that the organization faced in its implementation of KM process was the existence of a gap between perceptions of top managers and that of employees due to the difference of position, role, and professional knowledge. Creating new knowledge is a common responsibility for each department or group of experts in a knowledge-creating company. Managers at all levels and frontline employees must also share this responsibility. The respondents found out that the perceptions of what type of knowledge employees have will be different and depend on their positions and roles. Therefore, to match the perceptions of all employees in different positions, the goals and the plan that are committed by all levels of employees for the knowledge management system became a challenging issue.

## 4.5 Discussion of results

Carlucci *et al.* (2004) showed how the management of knowledge assets impact business performance. It is argued that business performance equates to value generated for the key stakeholders of an organization. The generated value is the result of an organization's ability to manage its business processes and, on the other hand, the effectiveness and efficiency of performing organizational processes are based on organizational competencies. Finally, the management of knowledge assets enables an organization to grow and develop the appropriate organizational competencies. Therefore, the fact that organizational competencies are based on the effective and efficient management of knowledge assets puts it at the heart of business performance and value creation. Various studies ranging from (Sanchez *et al.* (1996); Heene and Sanchez (1997), Sanchez and Heene (1997), and Sanchez (2001) have reinforced the importance of knowledge management. They argue that firms utilize competence in order to reach set goals, regardless of whether it is reduced costs or competitive advantage. But the core of the competence-based perspective lies in its approach to the nature of knowledge, and of its discussion of learning processes (Sanchez, 2001).

The findings of this research reinforce the importance of KM in an organisation. In the research, it was found out that knowledge in the firm is held by the staff and this is maintained in the firm by hiring, developing, recognizing, rewarding and retaining the best professionals as the market place is increasingly competitive and the rate of innovation is rising which necessitates retention of the knowledge by the bank in order to gain competitive advantage over its competitors. These results are similar to the one by

Murianki (2008) where he observed that to ensure success, KM programs must have horizontal cohesiveness, from the business needs to the improved processes that are supported by appropriate technology and human factors.

# CHAPTER FIVE: SUMMARY, CONCLUSION AND RECOMMENDATIONS

## 5.1 Summary

The study established that the knowledge in the firm is held by the staff and this is maintained in the firm by hiring, developing, recognizing, rewarding and retaining the best professionals as the market place is increasingly competitive and the rate of innovation is rising which necessitates retention of the knowledge by the bank in order to gain competitive advantage over its competitors. For effective knowledge management system in the organization, the bank needs to create a good culture at all management levels by ensuring that all employees are equipped with the right knowledge as well as being ready to share the same with other employees. The development and implementation of knowledge management need to be driven by the top managers who appreciate that knowledge is a key resource.

The bank avoids imitation by other competitors by having the employees sign a confidentiality clause, having more on the job training as opposed to classroom modules, integrating the staff in the banks culture of non disclosure of information, by acting within the highest level of integrity to retain the trust of customers, external stakeholders and other employees. Knowledge management at Barclays bank has been a strategic tool. The bank has been able to utilize knowledge to create customer focus strategy where the various employees in the branches have been able to share common knowledge between them to develop customer strategy; it has enhanced innovation in the bank through a much faster cycle of developing the products and services; employees growth and development; faster and better decision making; faster response to key business issues and generally improved service quality. All the above has helped the bank in improving its competitiveness and being able to strategically react to the changes in the business environment.

The bank's ability to act has been enhanced due to the increased competency of the employees. The increased competency in the bank can be attributed to the increased knowledge base of the employees and the effectiveness of learning mechanisms that enable the generation of new competencies in the firm. The bank also consider some external factors before and during implementation of the knowledge management system which includes knowing the market and activities of competitors, size of the firm to its different sections, cost of knowledge management system, method of dissemination of information in the firm, competitive advantage and cost of the system.

The implementation and operation of knowledge management in the organization has not been free of challenges. Several challenges were noted at Barclays bank and these included: lack of enough e-mails thus not all staff receive all important communications, operations change resulting to some roles been rendered redundant while at the same time changing majority of the others, lack of congruence between the knowledge required to enhance the competitiveness of the company as perceived by top managers and the knowledge actually required to enhance its competitiveness, management inability to identify the correct knowledge required to enhance an enterprise's competitiveness and the difference in the plan to implement knowledge management, the difference between the plan to implement knowledge management as proposed by top managers and the implementation progress of the knowledge management plan, between the knowledge obtained after implementing the knowledge management system and the knowledge required to enhance an enterprise's competitiveness, the gap between the knowledge required to enhance an enterprise's competitiveness as perceived by the top managers and by other employees, the knowledge required to enhance an enterprise's competitiveness as perceived by the employees and the knowledge actually obtained after implementing the knowledge management system.

## 5.2 Conclusion

From the research findings and the answers to the research questions, some conclusions can be made about the study

Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that is created by social interactions among individuals and organizations depending on a particular time and location. It is further accepted that knowledge comes from the meaningfully organized accumulation of information through experience, communication, or inference. This means therefore that in order to facilitate the accumulation process, enterprises should reform their culture and reward systems so that employees are encouraged and willing to share their experience and knowledge with others as they meanwhile accumulate their knowledge as an organizational asset. In addition, while knowledge assets are grounded in the experience and expertise of individuals, firms provide the physical, social, and resource allocation structure so that knowledge can be shaped into organizational competencies.

Knowledge assets of the bank form an important strategic role to create value and improve business performance. The competitive advantage of banks in today's economy stems not from market position, but from the difficulty to replicate knowledge assets and the manner in which they are deployed. It is argued that business performance equates to value generated for the key stakeholders of an organization. The generated value is the result of a banks' ability to manage its business processes and, on the other hand, the effectiveness and efficiency of performing organizational processes based on organizational competencies. Management of knowledge assets enables an organization to grow and develop the appropriate organizational competencies. Therefore, the fact that organizational competencies are based on the effective and efficient management of knowledge assets puts it at the heart of business performance and value creation.

Similarly, the effectiveness of knowledge asset management provides firms with an ability to constantly reconfigure, accumulate, and dispose of knowledge resources to meet the demands of a shifting market. Towards this end, knowledge management has emerged as an important process to leverage the organizational performance. While organizational learning generates new knowledge, the organization that is skilled in knowledge management efficiently and effectively manages knowledge which has been created. While implementing, knowledge management the managers of the bank need to be aware of the challenges that might delay or affect the implementation of the same process. They need to consider what value the knowledge will generate, determine how the firm can exploit the special characteristic of knowledge to obtain a niche in the market, establish how the firm can avoid being imitated by other firms and also establish how the firm can organize the exploitation of resources in order to implement knowledge management.

## 5.3 Recommendation

The study was able to clearly demonstrate the need to have organizations understand the concept of knowledge management to appropriately harness and leverage on knowledge assets to attain competitive advantage. There is a great deal of competitive advantage that can be harnessed from knowledge management. In so doing, organizations' have to implement appropriate process of implementing knowledge management strategies in order to minimize the challenges which they will face from the uncertain business environment. As part of the bank strategy, implementation of the appropriate structure would propel the bank towards success. It is recommended that implementation of knowledge management in the bank should be backed by the support of the banks top management, staff level of awareness of knowledge should be enhanced and existence of comprehensive plan to define the steps needed to implement the KM system.

The bank has generally realized great achievement in the past in terms of revenue growth, customer base as well has increasing market share. However, there are still untapped opportunities existing in the market which needs efficient management of knowledge which is the greatest asset which the employees have. With this strategic move, it is believed that the bank will further grow to greater level of success.

## 5.4 Suggestion for further Research

The study confined itself to Barclays bank of Kenya and therefore this research should be replicated in other commercial banks operating in the country and the results be compared so as to establish whether there is consistency on use and management of knowledge as a strategic resource and also whether the challenges which were highlighted by the bank as affecting their use and management of knowledge is the same.

## 5.5 Limitation of the Study

The study was based on a multinational bank which could have used KM in other countries and have known how to manage the knowledge and also the possible challenges which was encountered. However, the limitation did not have any adverse effects on the findings of the study.

## 5.6 Recommendation for policy and practice

The study recommends that the bank implement appropriate process of implementing knowledge management strategies in order to minimize the challenges which they will face from the uncertain business environment. As part of the bank strategy, implementation of the appropriate structure would propel the bank towards success. It is recommended that implementation of knowledge management in the bank should be backed by the support of the banks top management, staff level of awareness of knowledge should be enhanced and existence of comprehensive plan to define the steps needed to implement the KM system

The development of organizational memory in order to develop the capability to remember what worked and what failed and ensure that useful lessons were captured, conserved, and can be readily retrieved when needed. Such knowledge ought not to be restricted to those codified and stored in the organizational systems, such as routines and best practices, but also includes tacit knowledge such as experiences and expertise possessed by individuals. Organizational memory underlines the ability to capture both explicit and tacit knowledge, and most importantly to make it more easily retrievable, updated, accurate and relevant.

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# APPENDIX I

# INTERVIEW GUIDE

**Goal of the interview process**

To establish how Barclays Bank of Kenya uses Knowledge management as a strategic tool and also determine the nature of challenges that Barclays Bank faces in the use of knowledge management as a strategic tool.

**Interview Questions**

The following sections provide sample questions to be used in evaluating knowledge management as a strategic tool by Barclays Bank.

**Respondent Background Review**

- What is the highest level of education you have received?
- How long have you worked in this organization?
- What do/did you like best about the position/s you have held?
- What do/did you like least?

**Knowledge Management as a competitive tool**

1. Where is the value of knowledge in the firm?
2. How does the firm develop and exploit the special characteristics of knowledge and find a niche to obtain greater competitiveness?
3. How does the firm avoid being imitated by other firms of its special characteristics of knowledge management?
4. How does the firm organize the exploitation of resources in order to implement knowledge management?
5. What is the organization weakness as knowledge is concerned?
6. What approaches does the business have in instituting knowledge management?

**7.** What drives you to conduct business the way you do as far as management of knowledge is concerned?

**8.** Why should the firm be committed to perpetuating the status quo of the management of knowledge?

**9.** What are the organization opportunities resulting from the nature of knowledge management?

**10.** What are the organization strengths as knowledge is concerned?

**11.** What is the vision of the organization in the development and maintenance of knowledge management?

**12.** What are some of the external factors you consider before and during implementation of the knowledge management system?

**Challenges facing the implementation of the KM tool**

**13.** Are there some technological changes which have affected the operations of your firm on adoption of the KM?

**14.** Owing to technological adoption, has there been improvement in business performance?

**15.** What is the extent of the degree of fitness between the organizations'' KM and external as well as internal environments confronting the firm?

**16.** What gap exists between the knowledge required to enhance an enterprise's competitiveness as perceived by top managers and the plan to implement knowledge management?

**17.** What challenges is the firm facing in implement knowledge management as proposed by top managers and the implementation progress of the knowledge management plan?

**18.** While implementing the knowledge management program has the results obtained after implementing the knowledge management system and the knowledge required to enhance an enterprise's competitiveness been achieved?