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KNOWLEDGE MANAGEMENT - CORPORATE GOVERNANCE NEXUS: BUILDING SUSTAINABLE COMPETITIVE PRACTICES IN ORGANIZATIONS[1]

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ABSTRACT

This study seeks to promulgate the view that Corporate Governance remains an elusive concept in the minds of practitioners both in the public and private sectors of the economy without the creation of Knowledge Management bases. This is impacting negatively on the attainment of Sustainable Development Goals in the developing economies of the world. Knowledge management is instrumental in vision creation, culture change, organizational integration and strategy formulation. Knowledge Management helps to dislodge undesirable cultures that militate against corporate governance principles of accountability, responsibility, transparency, openness, truthfulness and communication. Decisions and policies will be made from an informed position. The process of enculturation can only be realized through knowledge management. A descriptive case study research design was adopted. Both quantitative and qualitative instrumentation were used. Systematic literature review was conducted for each research question employed. Systematic random and snowball sampling techniques were used. The study found out that the absence of knowledge-able practitioners, lack of information, misgovernance and human greedy are factors affecting the implementation of corporate governance principles in organizations. Individuals at the helm of organizations are reluctant to set up fireproof systems that are conducive for corporate governance practices in line with industry

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best practices. The study recommends investment in Knowledge Management systems in order to obtain information that inform policy and strategy so as to create the needed capacity for sustainable competitive practices in organizations.
Keywords: Knowledge Management, Corporate Governance, Sustainable Competitive. Policy

INTRODUCTION

This study seeks to promulgate the view that Corporate Governance remains an elusive concept (Gisselquist, 2012, Loughrey and Keay, 2014, Turmel, 2018) in the minds of practitioners both in the public and private sectors of the economy without the creation of Knowledge Management bases. Corporate Governance is circumstantial, contextualized in settings, cultures, institutionalized or no vocalization of the concept in other settings. This is impacting negatively on the attainment of Sustainable Development Goals in the developing economies of the world. Knowledge management is instrumental in vision creation, culture change, organizational integration and strategy formulation. Lack of corporate governance may lead to unethical business practices. Globally companies seek sustainable competitiveness through evolving strategies that sought to attain their specific goals. Strategy formulation is usually through a thorough analysis of the business environment through use of traditional tools such as PESTLE or SWOT. The business environment is changing fast, the market is changing. New generations of customers with discerning minds, value for money, some shrewd, cunning. Business circumstances change soon after strategy formulation. Strategies and action plans must remain fluid, need for safeguards/checks/controls to detect threats to organizational success, should be made to adapt to the changes taking place. Organizations are crumpling due lack of proper knowledge management systems based on knowledge which is a product of research. This implies that absence of knowledge management and corporate governance, there is no sustainable competitive advantage and attainment sustainable development goals.

LITERATURE REVIEW

Intense changes in the business environment has led to financial instability, desire for transparency across the globe, ethical business practices/ human rights issues, e.g. abolition of child labour. Further to this, desire for proper resources utilization, the Fourth Industrial Revolution Era (4IR) and latest technological changes that imply organizations must re-think their strategies and avoid crumpling so as to attain the overall sustainable Development Goals. Re-thinking of any ammunition of knowledge to address pending risks and challenges is where investment in knowledge management systems is instrumental in vision creation, culture change, organizational integration and strategy formulation. Knowledge Management helps to dislodge undesirable cultures that militate against corporate governance principles of accountability, responsibility, transparency, openness, truthfulness and communication. Decisions and policies will be made from an informed position. The process of enculturation can only be realized through knowledge management. Knowledge management is essentially about " getting the right knowledge to the right person at the right time….may also include new knowledge creation, or it may solely focus on knowledge sharing, storage, and refinement" (Hajric, 2018,p.5).The overall objective is to create value and leverage and refine the firm's knowledge assets to meet organizational goals. The role of knowledge as a core unit of wealth has depended on creative capabilities, expertise, and skills of individuals to generate new knowledge. The generated knowledge and its interaction with the human element (represented by human experience), values, beliefs, and skills is now one of the most effective, influential, and adopted elements in management process across the organization (Jyoti and Rani, 2017, cited in Alrowwad, et al 2018). Knowledge management is the key strategic reserve for organizational survival, stability, growth and improvement.

According to King IV Report, 2016, p.15), "Corporate Governance is defined as the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes: ethical culture, good performance, effective control and legitimacy". For organizations to improve on their performance, there is need for the application of these principles in the management process, which in most cases, rare in Zimbabwean organizations. According to OECD (2015.P. 15), "the corporate governance framework should promote transparent and fair markets, and the efficient allocation of resources. It should be consistent with the rule of law and support effective supervision and enforcement strategy formulation. The purpose of corporate governance is to help build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity, thereby supporting stronger growth and more inclusive societies”. Knowledge management (KM) is a key tool that policy-makers or planners in organizations can employ to identify certain business performance gaps in the management process. Omotayo, (2015.p.4) precisely states that “KM is people. People are the sources of knowledge. The ability of humans to think creatively and uniquely, coupled with experiences and talents, make humans valuable sources of knowledge. People are the creators and consumers of knowledge because individuals consume knowledge from various sources on a daily basis, in addition to creating knowledge. In essence, KM begins, revolves around, and ends, with people. It is therefore pertinent to consider people in KM strategy and implementation. People face emergent knowledge needs as part of daily assignment or routine.” Knowledge management is instrumental in vision creation, culture change and organizational integration. It also helps to dislodge undesirable cultures that militate against corporate governance principles of accountability, responsibility, transparency, openness, truthfulness and communication. Decisions and policies will be made from an informed position. The process of enculturation can only be realized through knowledge management.

Organizational performance

Performance is referred to as being about doing the work, as well as being about the results achieved. It can be defined as the outcomes of work because they provide the strongest linkage to the strategic goals of an organization, customer satisfaction and economic contributions.

Adams (1994), Harrison and Freeman (1999) and Peterson, et al (2003) cited in Jenatabadi (2015) allude to the fact that organizational performance as a construct, depends on the employees’ performance quality which is a product of their exposure to new and up-to-date knowledge and skills that make them able to adapt to new changes in the market. An effective organization is one that keeps its stakeholders’ (shareholders, customers, and its own) demands satisfied. Thus organizational performance can be seen to be focusing more the organization’s ability to sustain its operations in a manner that it remains profitable and be able to meet most of its obligations. It is more than being effective and efficient as it must remain useful, relevant and ideally inclined to address the needs of its stakeholders. This is where use of knowledge management comes in so that through research, ethical practices are maintained during the changing business environment without compromising the outcomes. According to Morrin and Audebrand (2014, p.2), organizational performance "holds a central position in the management of private and public organizations as well as in the field of organizational research". Collectively, if all organizations employ knowledge management and corporate governance, huge savings can be realized which are central to the supporting of sustainable development goals of a country through revenue generation by the government.

METHODOLOGY

The study was guided by three main research questions in case study of manufacturing companies based in Harare, Zimbabwe:

a. What Knowledge management tools are in use in your organization?
b. Is your organization aware of good corporate governance principles?
c. How will your organization transform, into a high performance entity?

A descriptive case study research design was adopted for inner depth analysis of matter in hand (Yin, 2014, Saunders, et al, 2009). Both quantitative and qualitative instrumentation were used. Systematic literature review was conducted for each research question employed. The population size was 800 companies in the Harare Metropolitan City. Based on an Internet Sample Size Calculator, a sample of 80 was chosen with a Confidence interval of 10.4 and Confidence level of 95% for representativeness of the entire population in the case study. Systematic random and snowball sampling techniques were used. A descriptive case study research design was adopted. Eighty questionnaires were distributed to respondents using the systematic random sampling technique, seventy-three were retrieved giving a response rate of 91.25%. All fifteen scheduled interviews using the snowball sampling technique were conducted. Unit of analysis was the manufacturing companies based in Harare City Industrial sites. Unit of measurement was through determination of whether companies used both Knowledge Management and Corporate Governance in their management processes

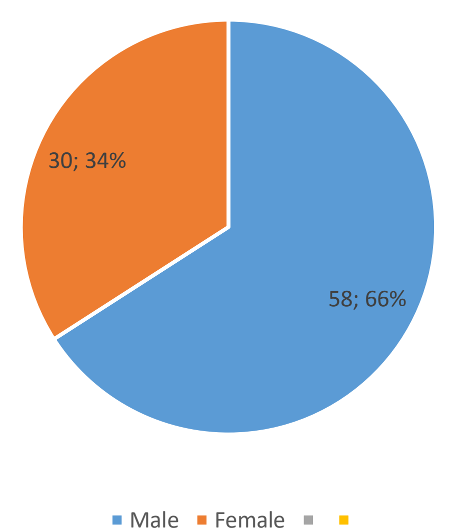
1.1 Discussions and Findings

The sample size N= 88 (73 questionnaire respondents and 15 Interviewees) was used.

1.2 Gender Response rate

The following was the gender response rate for the study.

Figure 1.1 Gender response rate

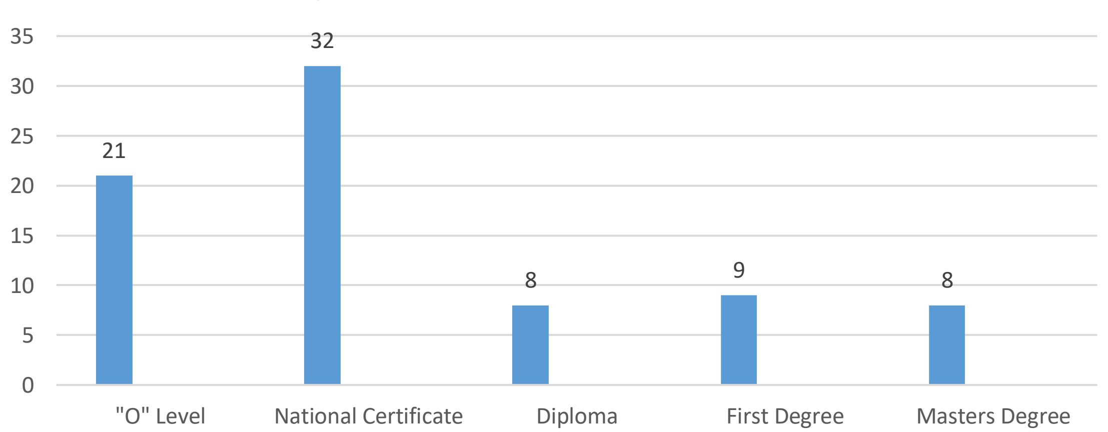


There were Fifty-eight (66%) male and thirty (34%) female and this shows that the research was gender balanced and findings from this study can be generalized in policy formulation for the good of the entire society.

1.3 Educational Qualifications

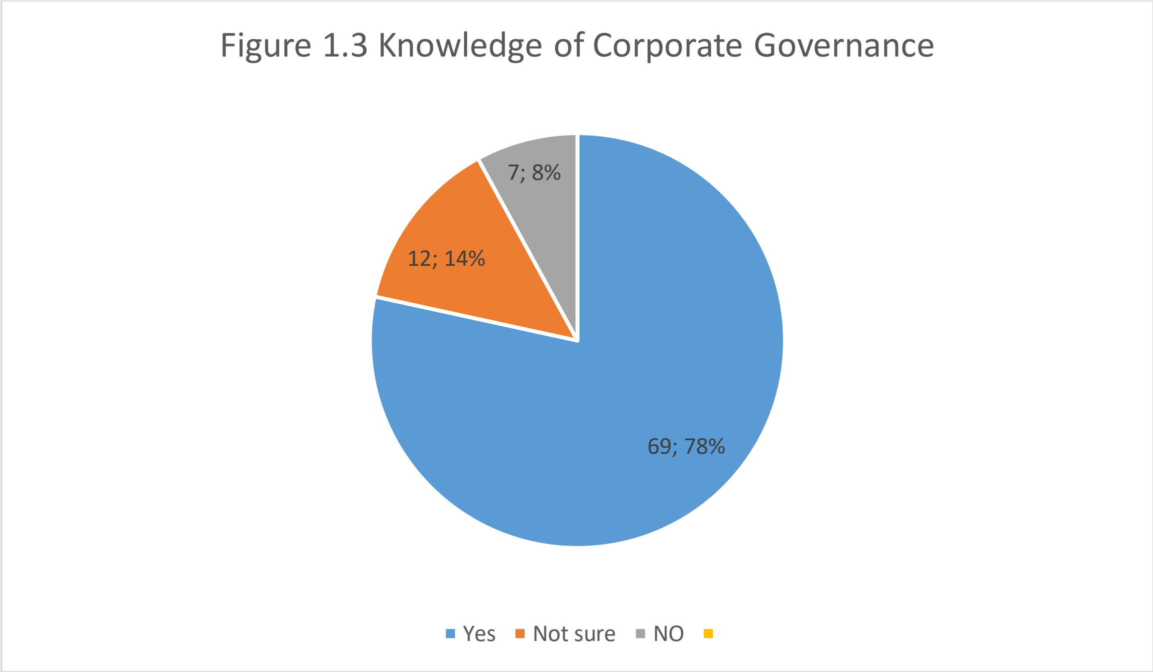
The following figure shows the various qualifications of the respondents.

Figure 1.2 Educational Qualifications



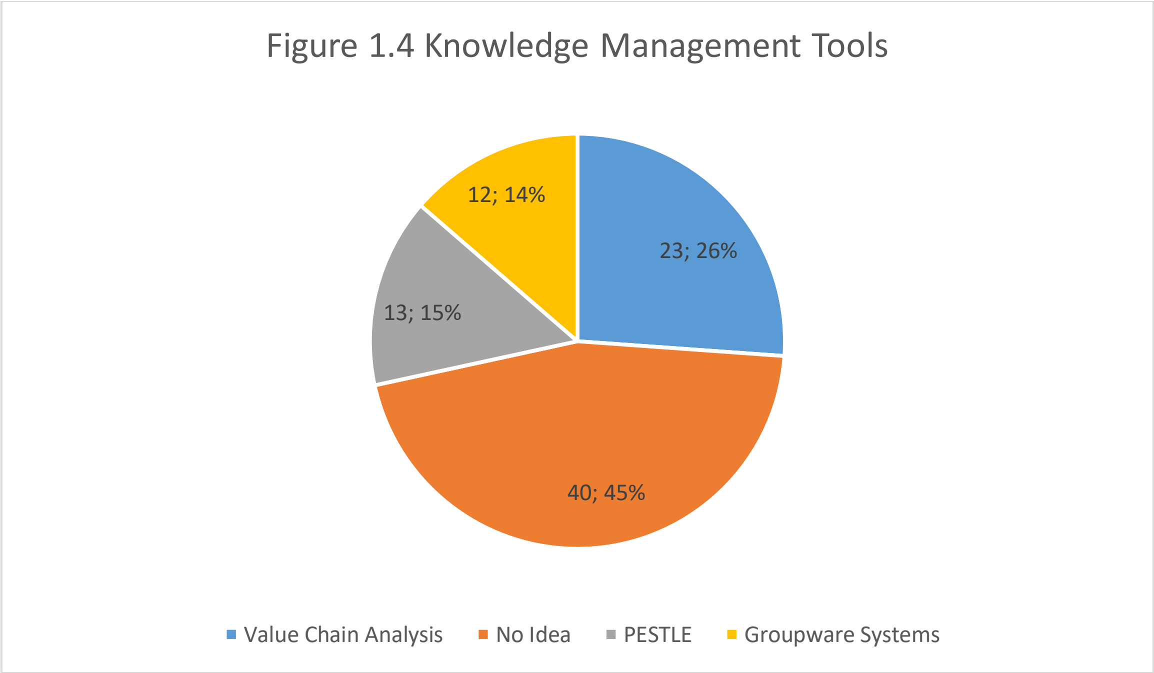
The above shows that twenty-one (23.86%) held "O" Level qualifications, thirty-two (36.36) had National certificates, eight (9%), Diploma, nine (10.22%) first degree and eight (9 %) Master's degree and this shows the credibility and validity of the sources used.

1.4 Is your organization aware of good corporate governance principles?
Figure 1.3 shows the various responses given for this question:



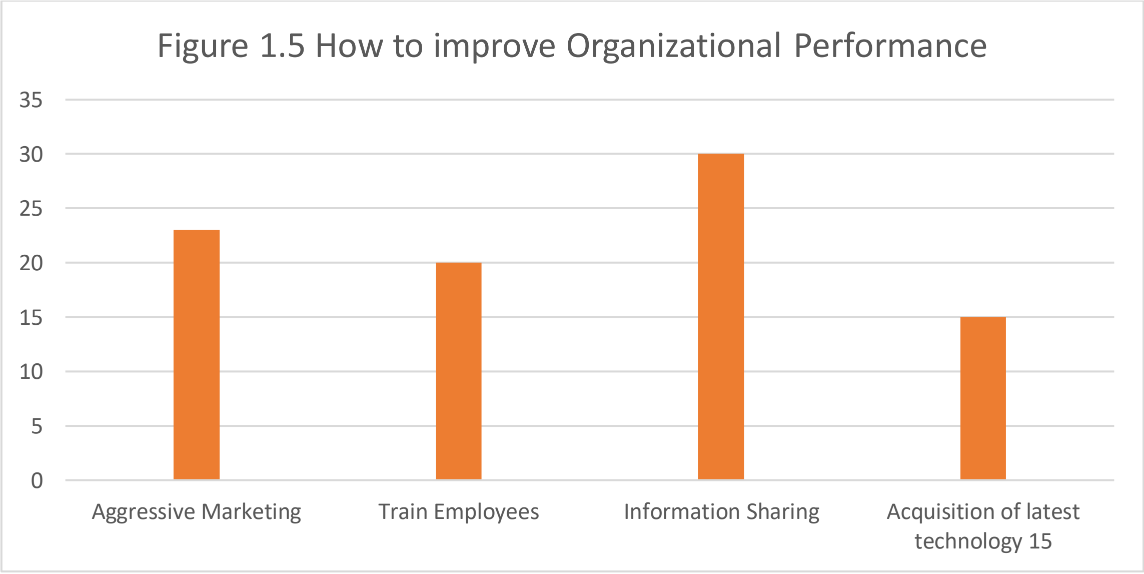
From both the questionnaires and interviews, it was noted that sixty-nine (78.4%) respondents confirmed that they were aware of corporate governance principles, twelve (13.63%) were not sure if the principles in place or were being applied in half measures. Seven (8%) pointed out that the corporate governance principles were not in existence citing that the type of governance in place was using any means to justify the end results as short cuts were being used to attain organizational goals.

1.5 What Knowledge management tools are in use in your organization?



Forty (45%) pointed out that they had no idea on knowledge generation, twenty-three (26%) mentioned value chain analysis, thirteen (15%) stated PESTLE, and twelve (14%) identified groupware systems as sources of knowledge management. What is of concern is that since forty indicate a "no idea" response, it shows that the concept of knowledge management is non-existing in the minds of many people. It shows a gap in how organizations are run and application of corporate governance principles can be somewhat difficult.

1.6 How will your organization transform, into a high performance entity?



Twenty –three (26.1%) mentioned aggressive marketing, twenty (22.7%) viewed training employees as the way to go, thirty (34.1%) identified information sharing as key to improved organizational performance, and fifteen (17.1%) thought acquisition of latest technology as the easiest way to improving organizational performance. None mentioned investment into knowledge management nor corporate governance.

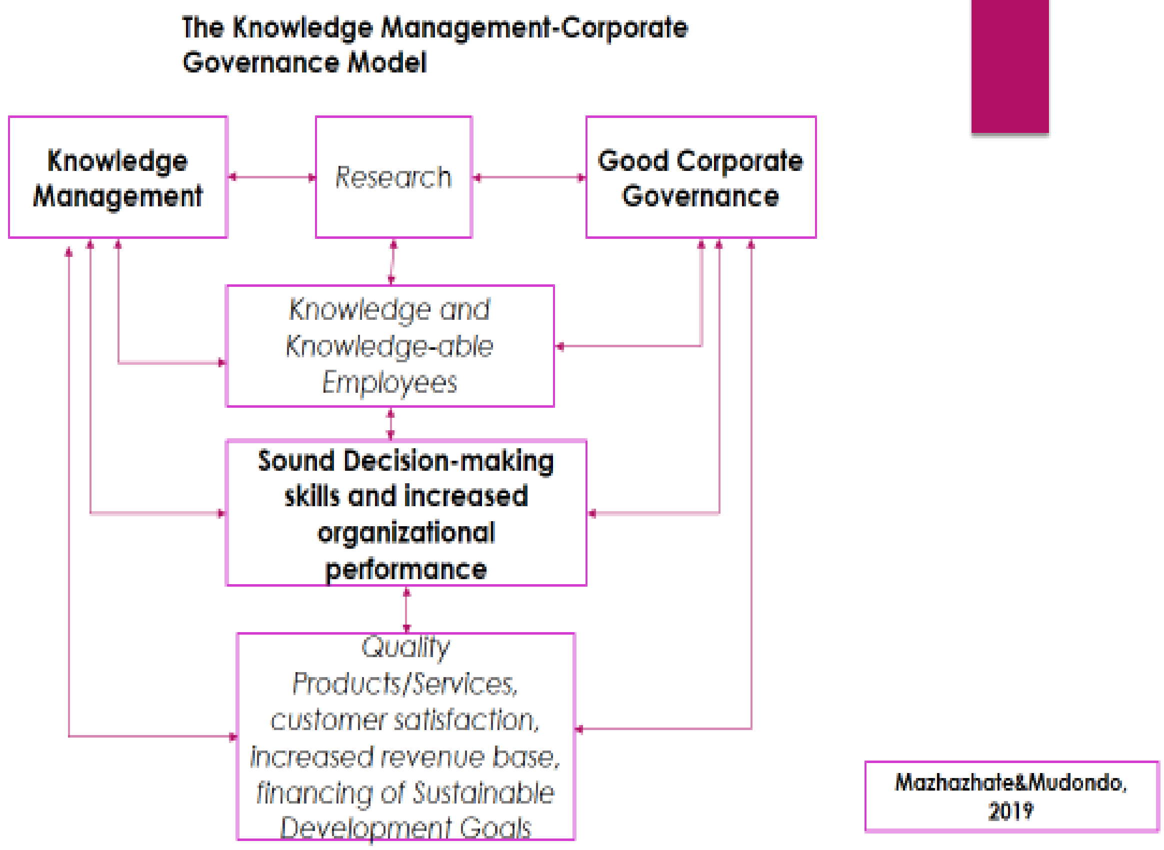
FINDINGS

The study found out that the absence of knowledge-able practitioners, lack of information, misgovernance and human greedy are factors affecting the implementation of corporate governance principles in organizations. Individuals at the helm of organizations are reluctant to set up fireproof systems that are conducive for corporate governance practices in line with industry best practices. Individuals at the helm of organizations are reluctant to set up fireproof systems that are conducive for corporate governance practices in line with industry best practices. This is indicative of poor decision making as working against the attainment of sustainable development goals, as low output leads to low Gross Domestic Product aggregation.

RECOMMENDATIONS

The study recommends investment in Knowledge Management systems in order to obtain information that inform policy and strategy so as to create the needed capacity for sustainable competitive practices in organizations. The study also recommends the use of the model below in order to improve organizational performance.

Research must be at the centre between Knowledge Management and Corporate Governance so as to promote sound decision making skills and increased organizational performance. There must be an interactive and iterative process with all other areas with research so as to attain the final output which quality products/ services leading to high demand and sales.



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