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IMPACT OF HUMAN CAPITAL CAPABILITIES ON KNOWLEDGE MANAGEMENT PROCESS

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Abstract

Human capital of organisations are one of the key successful Knowledge Management (KM) enablers. Since tacit knowledge resides in the minds of employees, they are at the heart of creating knowledge in an organisation. Moreover, employee interaction in an organisation is an important source of intangible value in the intellectual assets. Therefore, the objective of this study to analyse the impact of human capital capabilities on knowledge management process (KMP). Probability sampling method was employed and questionnaire survey carried out among private sector businesses in Sri Lanka. 243 usable responses were received and results of statistical analysis of the responses revealed that human capital has significant impact on knowledge management process. Managers need to exploit the human capital capacity and should encourage innovation and application of knowledge, thus human capital become specialized asset for on the organisations.

Keywords: Human Capital, Knowledge Management Process

1. Introduction

It was uncovered that 37 out of 46 nations indicating an ability 'shortfall' or 'deficiency' in the following ten years simultaneously because of generally higher representative employee turnover in the business parts. The all-around prepared workers are moving with the gained knowledge. Thus, it is basic to hold the knowledge inside the firm. To contend viably, firms must use their current knowledge and make new knowledge in an efficient way. As per the International Data Corporation (IDC), Fortune 500 organizations lose at any rate $31.5 billion yearly by neglecting to oversee KM. Simultaneously, U.S. and European organizations (roughly 81%) utilize some type of KM (Babcock, 2004). Be that as it may, according to Gold et al., (2001) it has been hard for business to utilize and keep up compelling and productive KM programs.

The significant business drivers behind the present expanded enthusiasm for and use of KM lie in four key zones: Globalization of business - Organizations turned out to be increasingly worldwide, multilingual, and

multicultural in nature. Leaner organizations - Employees are accomplishing more and are doing it quicker, yet in addition need to work more intelligent as knowledge workers, receiving an expanded pace and outstanding task at hand. Corporate amnesia - Employees are increasingly mobile as a workforce, which makes issues of knowledge continuity for the business and spots consistent learning requests on the knowledge worker. Technological advances - Employees are increasingly associated. Advances in data innovation have changed desires profoundly as well as made availability. Workers are relied upon to be "on" consistently, and the turnaround time in reacting is presently estimated in minutes, not weeks.

2. Literature Survey

Importance of Knowledge Management

Hayfa et al., (2018) reasoned that KM gives advantages to individual employees, to networks of training, and to the business itself. This perspective on KM assists with underlining the significance on KM today. For the individual, KM: Helps individuals carry out their responsibilities and spare time through better dynamic and critical thinking, fabricates a feeling of network bonds inside the organization, causes individuals to stay up with the latest and provides difficulties and chances to contribute. KM develops proficient abilities, elevates distributed tutoring, encourages progressively successful systems administration and cooperation, builds up an expert code of morals that individuals can follow, and develops a common language. KM encourages organizations to drive system, critical thinking made simpler, accepted procedures diffused, improves knowledge, cross-fertilizes ideas and increases opportunities for innovation and enables organizations to beat the challenge better and builds organizational memory.

Human Capital

Having skillful reasonably inspired individuals playing a functioning job is a key to the achievement of any KM activities. Businesses must target to attract in and hold individuals with capabilities, capacities and practices who can increase the value of the organisation's knowledge stock (Hsieh et al., 2019).

Human capital of organisation are one of the key fruitful KM empowering agents. Since tacit knowledge dwells in the psyches of workers, authoritative representatives are at the core of making information in an association (Lee and Lee 2013). Besides, worker connection in an association is a significant wellspring of intangible value in the intellectual assets (Abdel et al., 2012). As indicated by Christine et al. (2013) Organizations ought to gain by their intellectual assets, explicitly the workers' intellectual capacity of the organisation so as to stay competitive. Subsequently, it is imperative to oversee individuals who are eager to make and share knowledge. Lee and Lee (2013) concluded that propelling representatives to expand their involvement in knowledge sharing turned into a genuine challenge for organisations.

The knowledge and aptitudes of employees are the measurements regularly connected with their center capacities and in this way, the most significant factor to achieve sustainable competitive advantage. There are at least three sorts of skills and knowledge establishing this component of a core capability, including logical knowledge, industry-explicit, and firm-explicit knowledge. The initial two sorts can be effortlessly recreated through conventional instruction, preparing and advancement programs or by utilizing advisors and pulling in industry specialists from contenders yet the third kind, firm-explicit or in-house knowledge, it must be developed overtime time, not all that effectively imitated (Alkaffaf et al., 2018).

The employee skills and knowledge have been classified in to expansive and deep knowledge, that can be applied across departments or circumstances are named as wide knowledge. Individuals having both deep and

wide territories have T-shaped skills where the cross of the T speaks to wide knowledge and the stem of the T shows deep knowledge. As per (Alkaffaf et al., 2018) workers having shaped skills investigate the interfaces between their specific knowledge area and different uses of that knowledge specifically. While others emphasized that individuals with T-shaped skills have an ideal capacity to underset and the technical aspects of their discipline and furthermore comprehend the activity of the organization as a rule.

Knowledge Management Process Capabilities

The Previous studies have identified and addressed many key elements or constituent to this KM process: identification, acquisition, storage, sharing and implementation (Bashir et al., 2014); creation, acquisition, sharing, storage and implementation (Gholami et al., 2013); creation, sharing and utilization (Mukhtar et al., 2013), Acquisition, Dissemination and responsiveness (Muhammad et al., 2014); creation, capture, organization, storage, dissemination and application (Kambiz & Aslan, 2015) creation, acquisition, conversion storage, transfer and integration (Wasim et al., 2015. Agus and Suhadak (2013) identified four resources including structure knowledge resource, cultural knowledge resource, human knowledge resource and technical knowledge resource. Berraies and Chaher (2014) focused on the knowledge creation process, by referring SECI model developed by Nonaka and Takeuchi (1995) to discover knowledge creation process and firm innovation.

Knowledge Creation

Knowledge creation is a process where new knowledge is created. A learning organization encourage its employees to express their own thoughts and viewpoints. Collective ideas improve the memory of the organization particularly when the knowledge is embedded into organizational system. Tacit knowledge is converted into explicit knowledge when the learning organization serve as a contributor for sharing of experiences and viewpoints among the organizational members. This is possible only when the learning organization facilitate double-loop learning, generating new knowledge which can be applicable, and management functions in the organization like designing suitable training and motivating the employees, enhancing the improved communication among employees and utilizing new technology efficiently in the workplace.

Creation of new knowledge is unavoidable and that fills in as a basic contribution for businesses to turn out to be progressively imaginative. New advances, new products, new hierarchical structures and new creation procedures could be the results of such development. Knowledge creation ought to be set at the front line of the knowledge activities in businesses as the age of new information would guarantee that the businesses having the wellspring of competitive advantage to support development constantly.

Knowledge Acquisition

Knowledge acquisition practice incorporate the way toward taking in and obtaining fitting information from different inward and outer sources, for example, specialists, encounters, applicable archives, plans and different sources. Process mapping, talking with, idea mapping, laddering, watching, instructing and preparing are the most widely recognized techniques for knowledge acquisition (Muhamad et al., 2014). This includes the process of creating and developing, building and constructing knowledge.

Knowledge can be acquired by process mapping as it has the capability of capturing and uncovering the knowledge that exist in both people and in processes of organisations. Socialization is considered as a key feature of knowledge acquisition and they concluded that process mapping is found to facilitate knowledge acquisition in both formal and informal ways. Process mapping is a valuable approach for acquiring knowledge and business process improvement of organisations and their employees.

KM processes concentrated on knowledge securing different means such as generate, look for, obtain, create, and capture (Gold et al., 2001). Both knowledge acquisition and creation are significant wellsprings of new knowledge. The first displays a progression of information from outer stocks into the firm, while the second is concerned about the advancement of new information inside the firm, including the improved use or new utilization of existing knowledge (Shujahat et al., (2019). Benchmarking and coordinated effort are the two parts of knowledge acquisition process (Gold, et al., 2001). Strategies utilized by workers to get data included internet, newspapers or magazines, seminars or gatherings, official publications, books, reports, phones, email, memorandums etc,.

Knowledge Storage

Research has indicated that the businesses make new knowledge as well as overlook about the gained knowledge. Knowledge which is put away within the business is regularly alluded to as hierarchical memory. that incorporates physical assets like composed documentation, organized data storage in electronic database, systematized human information master frameworks, recorded techniques and procedures just as non-physical sources.

Hierarchical memory can have both positive and negative potential impacts on conduct and performance of a business (Acar and Al-Gharaibeh, 2019) While on one side, memory assists with keeping away from the misuse of authoritative assets in imitating past work and lessens the loss of implied information. Further capacity of new knowledge are outside sources, for example, provider, specialist and contractors. Considering the developing interconnectivity of business around the world, the significance of outer information is very much perceived and outside information turns out to be increasingly more significant for business.

Knowledge Application

Use of knowledge and making knowledge increasingly important and dynamic for the firm in creating value is known as knowledge application (Islam, 2014). Comparative qualities identified with the use of knowledge within the writing incorporate recovery, stockpiling, commitment, sharing and application (Shujahat et al., 2019). The performance of businesses is reliant on the capacity to utilize its incorporated knowledge assets so as to make and convey an incentive to its clients using hierarchical abilities. As indicated by Abdel et al., 2012, the competitiveness depends on the capacity of the firm to apply knowledge, not in the capacity to make new information. The productive utilization of knowledge can decrease costs and to improve their effectiveness of business. Procedure mapping of an organization can encourage knowledge application among employees. Knowledge application includes capacity, recovery, application and sharing.

Knowledge Protection

Knowledge protection process centers around shielding the knowledge inside an organization from unseemly, unlawful use or burglary (Goldet al., 2001). Knowledge protection incorporates exercises, for example, structuring strategies to restrain worker turnover, looking for legitimate protection for their developments, and teaching employees about the kinds of knowledge that they ought not impart to their associates. Firms can likewise take an assortment of activities to shape the attributes of their insight base which impersonation boundaries and when the firm's knowledge is uncommon and inimitable then it fills in as a source of competitive advantage, henceforth, the knowledge protection practices are significant for all businesses (Abdel, 2012). To utilize tacit knowledge, it is important to see a path for it as moved straightforwardly to different workers, making it express with the goal that it very well may be shared among the hierarchical representatives. People who are rich in tacit knowledge (experienced workers, retirees and other capable specialists) comprise a wealth of intangible assets.

The manageability of competitive advantage will be characterized by how well a firm ensures its knowledge and applied to existing procedure and issues (Islam, 2014).

Relationship between Human Capital and Knowledge Management Process

The experience of existing workers with the organization's procedures and the manner in which the things are taken care of by these workers can add to making and utilization of knowledge inside an organization more than contracting another worker who is new to the organization (Lopez and Esteves, 2013). Aptitudes of workers are both profound and expansive, that is, their holders can investigate specific knowledge and their different applications. Individuals with different aptitudes are incredibly important for knowledge creation since they can coordinate assorted information resources and these individuals can consolidate hypothetical and useful information and to perceive how their insight connects with practical issues of organisations. Subsequently, they can grow their ability over a few practical areas, and along these lines make new knowledge. In light of the above writing, the accompanying hypothesis has been denoted as, there is a positive relationship between human capital and knowledge management processes.

3. Methodology

In this study the sample size was 300 respondents as they were considered to provide sufficient input to ascertain findings. The probability sampling method was used to choose the respondents from the private sector businesses in Sri Lanka. The researcher has chosen a self-administered questionnaire as a tool for the data collection. The questionnaire was in the form of structured questions in which respondents were asked to make the choice from a list of possible responses. To make the study more effective and efficient, questionnaire consists of closed ended question in a five-point Likert scale. Eventually, 243 responses were taken for analysis.

Measuring Human Capital capabilities

Many studies focused on the effect of human capital on creating organisational knowledge in a greater extent, this study depend on skills of employees that indicates the degree of understanding of once own task and the task areas of others (Lee and Lee, 2013) that are both deep and broad in nature. The operationalization of this construct was developed by Lee and Lee (2013) followed by other scholars later, has been adopted in this study to access employees' knowledge domains and the numerous applications of such knowledge in particular products. Details of the items used to measure this construct in this study are presented in Table 1 below.

Table 1: Measures of human capabilities

1.	Employees have self-motivation or self- incentive to always create new ways of thinking
2.	Employees are able to constantly present their thoughts and new knowledge beneficial to the work of the organizations
3.	Employees are fully aware of the information / knowledge needed to fulfill their job effectively
4.	Employees always have full access to the information / knowledge needed to fulfill their job effectively

5.	Employees have the ability in observing and are interested in constantly acquiring knowledge to answer the pending-questions
6.	Employees have the ability in acquiring specific knowledge from other experts from within and outside the organizations
7.	Employees have the skills in utilizing information technology of the organizations to efficiently acquire knowledge
8.	Employees have the skills in language and media utilization that are useful in knowledge acquisition from within and outside the organizations
9.	Employees have the capability and competency in knowledge exchanges with those experts or specialists within and outside the organizations

Aujirapongpan et al., (2010); Lee & Lee (2013)

Measuring KM Process

Researches have explained different and various components of the KM process. For instance, knowledge acquisition, sharing and utilization are included in the process. Abdi et al. (2018) incorporated capturing, creating, disseminating, organizing, and storing as the knowledge process. Few others viewed the KM process as acquisition, conversion, application, and protection. Hence, KM process is viewed as a thorough procedure that incorporates the existence pattern of information. Along these lines, in light of this study KM process is operationalized as creation, acquisition, storage, application and protection. Although scholars have developed various items to measure these constructs, the details of items adapted for this study from the existing literature are shown in Table 2 underneath.

Table 2: Measure of KMP

1.	We come up with new ideas about our products, services, working methods and process frequently.
2.	We develop new ideas and innovations in collaboration with external partners such as suppliers and clients.
3.	We quickly detect changes in market needs (e.g. preference of clients)
4.	We collect information about our competitors actively and timely
5.	We do lot of works to refine, organize and store the knowledge / information collected.
6.	The information sources, manuals and databases are up-to-date.
7.	The firm applies available knowledge to improve its performance, efficiency, and services provided to customers
8.	we are able to use knowledge to solve new problems
9.	We have processes to protect knowledge from inappropriate use inside and outside the organization.

10.	We have extensive policies and procedures for protecting trade secrets.

Mohamed et al., (2014); Gold et al., (2001)

4. Data Analysis

Inter Item Correlation of Human Capital

In this construct, there are 9 items. Each item is measured on a likert scale of 1 to 5 where a response of 1 demonstrates firmly dissent, while a response 5 shows unequivocally consent to the statement. The illustrative measurements and the inter item correlation values are given in table 3.

Table 3: Descriptive Summary and Inter Item Correlation for Items in Human Capital

	Inter Item Correlation							
Items	HCC1	HCC 2	HCC 3	HCC 4	HCC 6	HCC 7	HCC 8	HCC 9
HCC 1	1.000	.488	.869	.812	.829	.677	.830	.767
HCC 2	.488	1.000	.479	.427	.526	.402	.519	.495
HCC 3	.869	.479	1.000	.829	.800	.658	.789	.754
HCC 4	.812	.427	.829	1.000	.767	.666	.688	.661
HCC 6	.829	.526	.800	.767	1.000	.714	.787	.718
HCC 7	.677	.402	.658	.666	.714	1.000	.676	.521
HCC 8	.830	.519	.789	.688	.787	.676	1.000	.748
HCC 9	.767	.495	.754	.661	.718	.521	.748	1.000

Based on the mean values in Table 4.7, there seems to be in agreement in the items HCC 1, HCC 2, HCC 3, HCC 4, HCC 6, HCC 7, HCC 8, and HCC 9 except HCC 5, in Human Resource. Item HCC 5 was dropped based on inter item correlation ($r>0.9$). Hence, all items correlate adequately in the construct.

Furthermore, before moving to further analyses, it is important to confirm the sample adequacy and Bartlett's Test of Sphericity. The Kaiser-Meyer-Olkin (KMO) test was used to determine to sample. The results accounted that the KMO analysis is well above the recommended acceptable level of 0.5 as all values of construct obtained between 0.7 and 0.8. The Kaiser-Meyer-Olkin (KMO) is $0.936 > 0.5$: Hair et al., 2010). Hence, the results confirm that sample adequacy of this study is good and it is worth for conducting a further analysis. Bartlett's test of sphericity test is conducted for the purpose of confirming the variables do relate to one another enough to run a meaningful EFA. As a rule of thumb, a p-value < 0.05 indicates that it is suitable to continue with the factor analysis (Hinton et al., 2004). The results confirmed in Table 4.6 suggest that the constructs in this study accounted p-value is <0.001, which means that there are relationships between the variables. Hence, it is considered that Bartlett's test of sphericity test is appropriate to continue with the factor analysis.

Items extracted for factor analysis was summarised was measured on 8 item scale. After dropping item HCC 5. It can be seen that the results of the item analysis provide strong evidence that the scale items are internally consistent and dimensional. All items loaded significantly and clearly on single components. Therefore, all items in the human resource construct was grouped and labelled according to the value loaded most highly on that human resource. Indicators are represented by six measures with factor loading HCC 1(.935), HCC 2(.545), HCC 3(.916), HCC 4(.870), HCC 6(.888), HCC 7(.750), HCC 8(.887) and HCC 9(.814). Hence, all items correlate adequately in the construct.

Inter Item Correlation of KMP

In this construct, there are 10 items. Each item is measured on a likert scale of 1 to 5 where a response where a response of 1indicates strongly disagree, while a response 5 indicates strongly agree to the statement. The descriptive statistics and the inter item correlation values are given in Table 4.

Table 4: Descriptive Summary and Inter Item Correlation for Items in KMP

	Inter Item Correlation							
Items	KMP1	KMP3	KMP5	KMP6	KMP7	KMP8	KMP9	KMP10
KMP1	1.000	.714	.721	.744	.793	.823	.682	.812
KMP3	.714	1.000	.636	.645	.690	.745	.708	.698
KMP5	.721	.636	1.000	.720	.704	.761	.686	.815
KMP6	.744	.645	.720	1.000	.818	.854	.723	.818
KMP7	.793	.690	.704	.818	1.000	.812	.688	.805
KMP8	.823	.745	.761	.854	.812	1.000	.758	.847
KMP9	.682	.708	.686	.723	.688	.758	1.000	.787
KMP10	.812	.698	.815	.818	.805	.847	.787	1.000

Based on the mean values in Table 4.8 there seems to be in agreement in the items KMP1, KMP3, KMP5, KMP6, KMP7, KMP8, KMP9, and KMP10 except KMP2 and KMP4, in Knowledge Management Process. Items KMP2 and KMP4 were dropped based on inter item correlation (KMP2<0.3 and KMP4>0.9). Hence, all items correlate adequately in the construct.

Furthermore, before moving to further analyses, it is imperative to affirm the sample adequacy and Bartlett's Test of Sphericity. The Kaiser-Meyer-Olkin (KMO) test was used to determine to sample. The outcomes accounted that the KMO analysis is well above the recommended acceptable level of 0.5 as all values of construct obtained between 0.7 and 0.8. The Kaiser-Meyer-Olkin (KMO) is 0.940 (> 0.5: Hair et al., 2010). Thus, the outcome affirm that sample adequacy of this examination is acceptable and it is worth for leading a further investigation. Bartlett's test of sphericity test is directed to affirm the variables do relate to one another enough to run a meaningful EFA. As a rule of thumb, a p-value <0.05 indicates that it is reasonable to proceed

with the factor analysis (Hinton et al., 2004). The outcomes affirmed that the constructs in this study accounted p-value is <0.001, which means that there are relationships between the variables. Thus, it is considered that Bartlett's test of sphericity test is fitting to proceed with the factor analysis.

Items extracted for factor analysis are outlined in the table 4. KM process was measured on 8 item scale. It very well may be seen that the results of the item analysis provide strong evidence that the scale items are internally consistent and dimensional. All items loaded significantly and clearly on single components. Consequently, all items in the KM process construct were grouped and labelled according to the value loaded most highly on that KM process. Indicators are represented with factor loading KMP1 (.873), KMP3 (.789), KMP5 (.811), KMP6 (.899), KMP7 (.883), KMP8 (.937), KMP9 (.812), and KMP10 (.913). Hence, all items correlate adequately in the construct.

Human Capital Measurement Model

The initial measurement model for the user Competency construct, model fit indices are demonstrated in Figure 1 and Table 5 respectively.

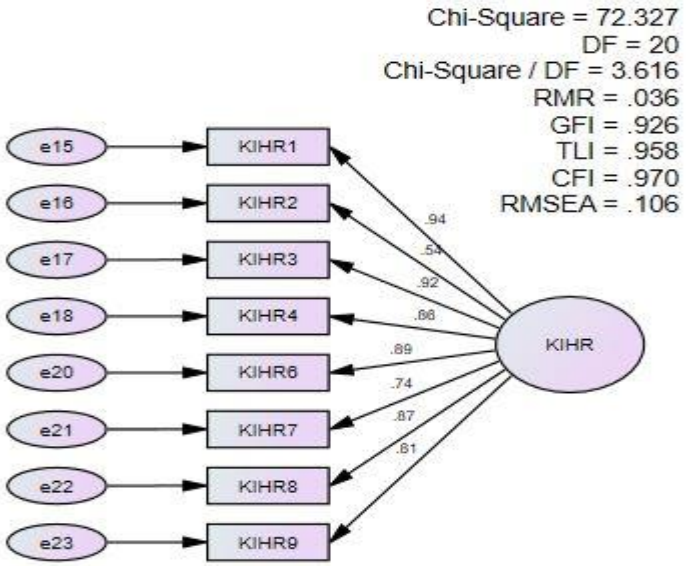

Figure 1: Initial Measurement Model for Human Capital

Table 5: Model Fit Indices for Initial Measurement Model of Human Capital

CMIN/DF	RMR	GFI	TLI	CFI	RMSEA
3.616	.036	.926	.958	.970	.106

According to the above table, the model fit indices, it can be seen that the model does not satisfy all conditions indicated by the CMIN/DF= 3.616. The RMSEA value is above 10 indicates a bad fit in the initial measurement model for Human Resource. By observing the absolute fit indices and incremental fit indices, all the indices were in the accepted level for model fit in the final measurement model of Human Resource. The RMR value of 0.036 is below 0.05. The GFI, and TLI are greater than 0.90 requirements. Thus, these results suggested that the initial measurement model for Human Resource does not fit well and can be improved by connecting modification indices.

Figure 1, demonstrated that factor loadings of Human Capital related items were above the minimum value of 0.5 and they are statistically significant. The results indicate good convergent validity. Hence there was no need to drop any item of the construct.

Modification indices showed that the final model (Figure 2) can be improved by allowing five correlation among the items (HCC4, HCC 7, HCC 8 and HCC 9). Then the final model of the Human Resource aligned with the data evidenced by the chi-square/df= 2.200 GFI=0.958, TLI=0.981, and CFI=0.988 above the desired level of .9, whilst RMSEA=0.072 were below the required level of 0.10. Further, factor loading of all the items were above 0.5 indicating adequate individual item reliability.

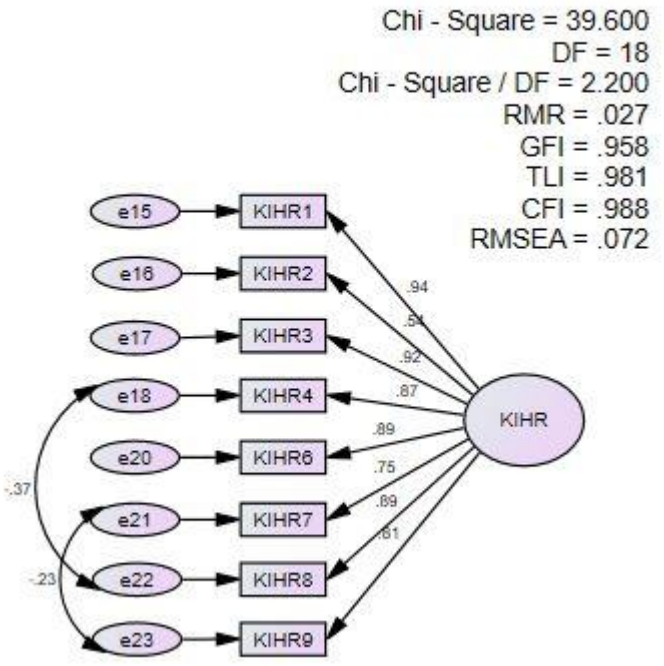

Figure 2: Final Measurement Model for Human Capital

The multivariate normality for the Human Capital items was next identified. All the skewness and Kurtosis values were less than 1, and the CR value for multivariate kurtosis is 2.398 which is < 5 in magnitude. Thus, multivariate normality can be assumed. Thus, the model 'correctness' is acceptable.

The composite construct reliability for the above seven items measured is 0.947 (Table 6) which is well above the acceptable level as indicated in the literature (Hair et al., 2010). This indicated that the retained eight items were considered reliable as well as being valid for this construct measure. Further average variance extracted (AVE=0.696) (Table 4.15), which is greater than 0.5 and the composite reliability (CR=.947) value which is greater than AVE illustrated the convergent validity.

Table 6: Regression weights and reliabilities for the items in the Human Capital

		Path	Unstd. estimate	S.E.	C.R.	P	Std. Estimate
KIHR9	<---	KIHR	1.000				.814
KIHR8	<---	KIHR	1.055	.063	16.840	***	.887
KIHR7	<---	KIHR	.839	.071	11.901	***	.750
KIHR6	<---	KIHR	.953	.056	16.937	***	.888
KIHR4	<---	KIHR	.921	.056	16.333	***	.870
KIHR3	<---	KIHR	.910	.051	17.837	***	.916
KIHR2	<---	KIHR	.603	.068	8.830	***	.545
KIHR1	<---	KIHR	1.244	.067	18.459	***	.935

Composite reliability =0.947 AVE= 0.696

*** p-value<0.001

KMP Measurement Model

The initial measurement model for the Internal Control, model fit indices are demonstrated in Figure 3 and Table 7.

Table 7: Model Fit Indices for Initial Measurement Model of KMP

CMIN/DF	RMR	GFI	TLI	CFI	RMSEA
3.914	.025	.927	.959	.971	.112

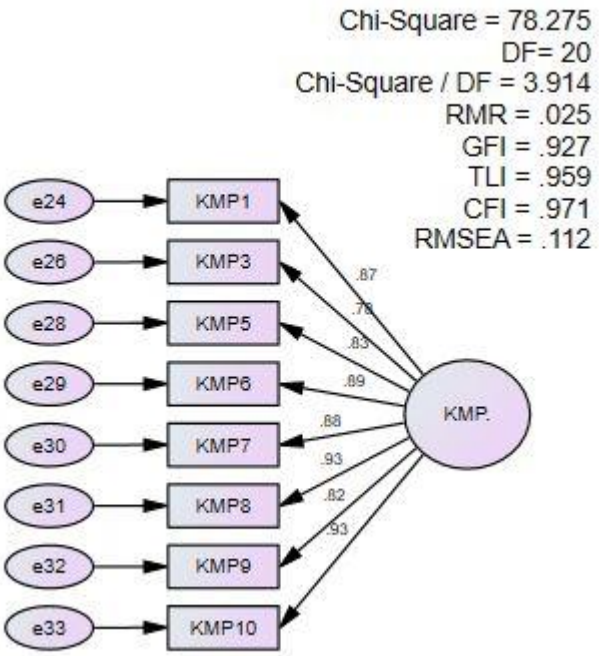

Figure 3: Initial Measurement Model for Knowledge Management Process

According to the above table, the model fit indices, it can be seen that the model does not fit the data well as indicated by the CMIN/DF= 3.914. The RMSEA value is greater than 10 It indicates a bad fit in the initial measurement model for Knowledge Management Process. By observing the absolute fit indices and incremental fit indices, all the indices were in the accepted level for model fit in the final measurement model of Internal Control System. The RMR value of 0.025 is below 0.05. The GFI, TLI and CIF are more than 0.90 requirements. Thus, these results suggested that the initial measurement model for Knowledge Management Process does not fit well. Further, this can be improved by connecting modification indices.

Modification indices showed that the final model (Figure 4) can be improved by allowing three correlation among the items (KMP1. KMP3, KMP5, KMP6, KMP9 and KMP10). Then the final model of the Knowledge Management Process aligned with the data evidenced by the chi-square/df= 1.105, GFI=0.982,

TLI=0.999, and CFI=0.999 above the desired level of .9, whilst RMSEA=0.021 were below the required level of 3. Further, factor loading of all the items were above 0.5 indicating adequate individual item reliability.

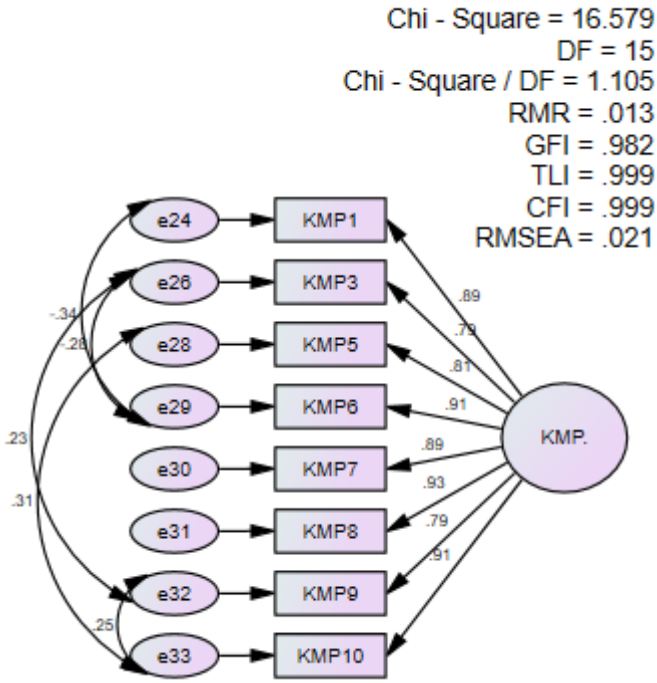

Figure 4: Final Measurement Model for Knowledge Management Process

The multivariate normality for the Internal Control System items was next identified. All the skewness and Kurtosis values were less than 1, and the CR value for multivariate kurtosis is 4.883 which is < 5 in magnitude. Thus, multivariate normality can be assumed. Thus, the model 'correctness' is acceptable.

The composite construct reliability for the above eight items measured is 0.960 (Table 7) which is well above the acceptable level as indicated in the literature (Hair et al., 2010). This indicated that the retained eight items were considered reliable as well as being valid for this construct measure. Further average variance extracted (AVE) was 0.750 (Table 8), which is greater than 0.5 and the composite reliability (CR) value which is greater than AVE illustrated the convergent validity of the KMP.

Table 8: Regression weights and reliabilities for the items in the KMP construct

		Path	Unstd. estimate	S.E.	C.R.	P	Std. Estimate
KMP10	<---	KMP.	1.000				.906
KMP9	<---	KMP.	.834	.045	18.718	***	.791
KMP8	<---	KMP.	1.194	.049	24.585	***	.933

		Path	Unstd. estimate	S.E.	C.R.	P	Std. Estimate
KMP7	<---	KMP.	.986	.046	21.283	***	.886
KMP6	<---	KMP.	1.142	.050	22.727	***	.912
KMP5	<---	KMP.	.784	.039	20.239	***	.805
KMP3	<---	KMP.	.735	.045	16.365	***	.790
KMP1	<---	KMP.	.800	.038	21.297	***	.890

Composite reliability =0.960 AVE= 0.750

*** p-value<0.001

"There is a positive relationship between Human Capital and KMP" is accepted, because the standardised regression coefficient of the path relationship is statistically significant between Human Capital and KMP (Regression Coefficient r= 0.245, significant level p = 0.000 < 0.05). This indicates that Human Capital has significant influence on KMP.

Nor et al. (2013) stated that human capital has significant impact on KMP of a firm. Tan and Noor (2013) concluded that people with T-shaped skills significantly influence the knowledge management process of a firm.

5. Practical Implications

Achieving sound performance in business is constantly one of the vital targets of each business. To stay sustainable and competitive in the fierce, unique situations of today, businesses are required to procure solid powerful abilities by executing a variety of knowledge management activities. Absence of KM practices may prompt significant expenses because of lost institutional memory, knowledge gaps and ignorant choices. At the point when knowledge is accessible, workers and administrators can think freely to work adequately and they should get to recover knowledge. Some information was put away in databases, records and different locations which made the recovery. The study proposes the formation of knowledge repositories, improvement of information resources, and the upgrade of the information condition. Learning organization must have knowledge sharing activities. Such exercises are steady with that hierarchical learning produces authoritative information which, if appropriately utilized, gives a competitive advantage.

Alongside human capital capacity, managers need to exploit technological ability to help KM forms. Specifically, organisations should utilize innovation to outline area of explicit kinds of information, in this way encouraging the application and sharing of knowledge. Innovation should be applied to encourage individuals in different areas to take in as a gathering from a solitary or numerous asset. Thusly, human capital and specialized foundation components can supplement one another and meet up to improve information arranged procedures.

Likewise, to consider and create framework capacities as positive empowering agents of procedure ability, the study recommends that practitioners must place more exertion into seeking after different KM forms. Employees ought to know about the basic job of the ability to viably apply coordinated information assets to the creation and conveyance of items and helping firms to improve their productivity and lessen costs, consequently prompting a superior performance. Hence, KM can give noteworthy preferences in the event that it is upheld by authoritative procedures, appropriate culture, innovation and phenomenal human capital.

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