

Investigating the Role of Knowledge Management Practices on Competitive Advantage

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Abstract

Current study has discussed and recognized the significance of Knowledge Management philosophy, there are some important arguments related to Knowledge Management that compel to be responded in order to get more insights regarding the concept that how to adequately adopt the knowledge management phenomenon and its influence on firm's capability and competitiveness. While the concept of these collaborative strategies is still on emerging stage and this motivates researcher to conduct research in this context. Textile companies of Pakistan is the target population of this research study and the data is gathered from all the provinces (Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan) of Pakistan's strata's. The data is collected from Pakistan's textile companies by taking the permission from APTMA. Disproportionate sampling technique is utilized for collecting data from sample of study. The survey questionnaire was developed. The findings illustrated that KM phenomenon and competitive advantage is positively and significantly linked with organizational culture as moderating effect. Certain limitations and contribution of the study, managerial implications and future directions are also provided in order to get deep insights of unexplored areas which are not covered in this study.

Keywords: knowledge management, competitive advantage, integrated model, textile sector

Introduction

The importance of knowledge management is significantly stressed upon although little work has been done on this area in order to sustain this phenomenon within the organizations. However, the historical studies well established the association between knowledge management and firm's competitiveness, besides this incompatible result indicated the relation between knowledge management and firm's competitiveness still in this regard, little work has been found on how to preserve KM phenomenon, therefore, it requires future studies in this field. All the prior studies have been administered in western and developed countries. Due to this fact, this research study attempts to do not only, experimental test and evaluate the extent of knowledge management which is essential for external strategic integration to explore the influence on external strategic integration

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that involves firm's supplier and ultimate customers, and also determines its mediation impact. It also emphasizes on the moderation impact of facilitator of firm's culture among knowledge management and firm's competitiveness for the purpose of improving the knowledge management system. However, at this point no research study has been administrated in Pakistan regarding this phenomenon.

This research study has been done, not only to determine the association among knowledge management and organizational competitiveness but also the aspects that improve the knowledge management process that has not been illustrated previously. This research study has also explored the aspects that establish a culture that supports knowledge strategic integration in the organizations. Knowledge management in the firm's culture that includes market forces and developmental aspects are also assessed as being the moderator. Previous studies have illustrated some important aspects that are all foremost important to adopt, but it is an observation at different timing that the firm's competitive position can't be preserved and maintained as the managers expectation because of the key problem of KM (knowledge management that is not adequately adopted in the organizations (Azorín et al, 2015). In the firm's when the concept of KM gains the significant worth as being the important phenomenon that permit structured improvement in the firm's knowledge will attain ultimate level by organizing the efficient use of firm's valuable resources, initiate innovation in operations, efficacy that enhance firm's competitiveness (Meihami&Meihami 2014). All the illustrated aspects like innovation, creativity, KM and TQM has gained much concern in different research studies (Hung et. al., 2011).

Literature Review

Knowledge Management

Various illustrations regarding knowledge management are already available in existing literature. According to Bennett & Gabriel (2008) knowledge management phenomenon is related to acquiring, keeping, sharing and applying knowledge. A more comprehensive definition of knowledge management is illustrated by Bennett & Gabriel (2008): "Knowledge management is defined as an action of generating or creating knowledge and plans widely to utilize and disseminate the knowledge across the organization". This indicates that this concept consists of knowledge creation, sharing knowledge and utilizing the knowledge. It further illustrates that these all components related to the concept are highly interlinked and these knowledge management practices are considered as the firm's routine practices. There is no formal definition of knowledge management that is universally accepted. However various definitions of knowledge management are given by professionals. Simply, knowledge

management is transfiguration of informal knowledge (knowledge which comes from study & experience into formal knowledge (knowledge that can be codified and used in database). More practical definition of knowledge management is that it is the systematic process through which firms get value by exploiting their knowledge assets. It is clarified from the definition that knowledge management is the systematic procedure of determining, creating, disseminating and organizing knowledge that is considered important for companies (Groff & Jones, 2012). Diverse definitions are available on knowledge management. Result directed illustration of knowledge management is to acquire accurate knowledge from accurate place at accurate time and in an accurate demonstrated format. While process directed illustration of knowledge management is systematic organizing of the business procedures through which knowledge is determined, acquired, communicated/disseminated and utilized. Although technology directed illustration of knowledge management are business driven processes that are communicated with web search engines in the presence of artificial intelligence body (Groff & Jones, 2012).

Knowledge Management and Competitive advantage

Wen Lin and Jen Chen (2006) the locus of innovation has shifted from single entrepreneurial firms to groups of networked firms. Inter-organizational cooperation rather than competition to exploit the value of knowledge through new product innovation lies at the heart of the knowledge-based and competitive economy. This paper focuses on the phenomenon of network product innovation and the holistic integration of distributed knowledge across organizational boundaries to foster production innovation and firm's competitiveness. A new construct, knowledge integration, is found to have a strong positive impact on new product performance and firm's competitiveness. Resource complementarity, market orientation, and information sharing are three antecedents that positively affect knowledge integration across organizational boundaries. Survey data also suggest that knowledge integration serves as a mediator between the three antecedents and product innovation performance and firm's competitiveness. Managerial implications and future research directions are discussed.

It is illustrated by Rahimli (2012) that in order to strengthen competitive position the companies are required to acquire, disseminate and apply knowledge within the boundaries of their companies and in their business operations. Moreover, the top management of the company should have the information that what type of knowledge is acquired in order to improve business processes and attaining strong competitive position. This paper helps to examine the value of knowledge management concept for achieving

competitive position. From the introduction to the literature review, essentials of knowledge management concept are illustrated relevant to competitive position. After that in this paper researcher has discussed the importance and applicability of knowledge management. Knowledge management in relation with competitive position is very essential in order to prosper. Further in this research papers knowledge integration in relation with organizational mechanism is discussed.

Andreeva and Kianto (2012) illustrated that at this time comprehensive literature is available on the prevailing knowledge management concept. Although there is scarcity of fact-based study illustrates the relationship between knowledge management functions and organization performance. In order to narrow the gap in literature this study helps to investigate the relationship between knowledge management, organizational competitiveness and organizational performance. This research study formulated a theoretical model of knowledge management practices that comprise of information technology, creativity and human resource management.

Hypotheses are developed related to the impact of knowledge management practices on organizational competitiveness and organizational performance. Hypotheses of the study are evaluated by employing structural equation modelling (SEM) technique on the data gathered from 234 firms. The findings of the study indicated that information technology, creativity and human resource management are correlated and having the significant and positive impact on organizational competitiveness and organizational performance. It is also demonstrated that information technology and creativity enhance organizational performance along with human resource management practices.

The limitations of the study are that the data is only collected from Russia, China and Finland firms only. The practical implications of the study for the managers are that there are applications of knowledge management for every type of firms. This study plays its part by contributing to literature the importance of knowledge management practices by statistically testing the performance related influence of different domain of knowledge management. Although it is suggested in previous literature studies that knowledge management practice enhances significantly firm's completeness, on the basis of this researches develop the following hypotheses.

- H1: There is a significant and positive impact of Knowledge management on Competitive advantage.
- H2: Knowledge Acquisition has a significant and positive impact on Knowledge Management.
- H3: Responsive to Knowledge and positive impact on Knowledge Management.

H4: Knowledge Dissemination has a significant and positive impact on Knowledge Management.

Moderating effect of Organizational Culture on Knowledge Management and Competitive Advantage

In today's contemporary and rapidly changing business environment organizations don't attempt to enter into competition as a single corporation rather than the trend is transferred towards the comprehensive strategy of integrating business partners. This phenomenon requires firms to develop an organization culture that is adequate to adopt in order to sustain in this synchronic environment. The organizational culture is illustrated in terms of firm's standard norms, principles, ideology, attitudes and mutual shared intellect between the employers of the firm (Braunscheidel, Suresh & Boisnier, 2010). Another illustrated regarding organizational culture that is stated by Barney (2001) is a complicated set of norm's, perception, attitude and symbol that demonstrate the procedure adopted by the companies for operating their business activities.

The research study conducted by Quinn and Rohrbaugh (1983) illustrate the organization culture model that is named as competing value model that is comprised of two dimensions and that are further categorized into four models that assist in evaluating and describing the highly driving firm's culture. Organizational culture 1st dimensions is stability, power, discipline, structure and flexibility while 2nd dimension is related to micro and macro viewpoint, internal perspective includes development of employers, external perspective includes development of overall firm. The 1st aspects illustrate that most of the firm's focuses on organization learning, dynamic & flexible culture and innovation while some culture emphasis on stability, control and estimated performance to gain competitive excellence. The 2nd aspect illustrates that most of the firm's give importance to specialization of the business processes, adherence and performance of employers while some organizations focus on competitiveness, market positioning and struggle for achieving efficacy with the external business environment that include competitors, customers and firm's suppliers.

This competitive value framework classifies the firm's culture into four fundamental models that are clan culture, adhocracy culture, market culture and hierarchy culture. The clan and hierarchy based organizational culture focuses on employer development, mutual help, standard principle and procedure for higher business performance. These illustrated cultures emphasize to focus on inside business environment. While the adhocracy and market based organizational culture emphasize on external environment. The external and internal focuses that are the attributes of the dimensions of organizational culture is related with SCM like the purchaser & seller relationship

that is illustrated in prior studies (Balakrishnan & Birger, 1986; Hewett, Money & Sharma, 2002). The market culture emphasis on profit earning, organizational objects and business transaction with the outside partners, such as with the suppliers and the consumers for attaining efficacy, high performance and competitive position. Organizational culture with such attributes aims to achieve higher productivity and competitive positive in the business marketplace for marinating integration with the outside environment (Braunscheidel et al., 2010). The adhocracy culture is developed in the temporary circumstances that emphasis innovation, employer's initiatives, diversity, acquiring resources and redesigned to adapt the external environment circumstances.

Tseng (2015) demonstrated that for the purpose of widely making KM phenomenon popular, the major factor is foster firm's culture. Moreover, much of the research studies have illustrated that authoritative firm's culture hampered the emergence of knowledge management phenomenon. This aim of this research study with regard to the predecessor of authoritative organizational culture and four combination of knowledge transfer is basically to investigate the influence of authoritative culture on the efficacy of KM phenomenon. For the purpose of gaining more insights on the authoritative culture, knowledge transfer & KM phenomenon, the qualitative (subjective approach) and quantitative (objective approaches) techniques are utilized. With the help of case study analysis and research data analysis it's indicated that authoritative culture is having significant impact on knowledge management phenomenon and also presence of authoritative culture as the mediator, mediates the relationship of knowledge transfer & KM phenomenon. Moreover, authoritative culture is appropriate for combination (an explicit knowledge is disseminated as the explicit one with the help of a process) and externalization (process of converting the tacit knowledge into explicit) and furthermore it is beneficial for the firm's in adopting knowledge management phenomenon. Comparatively authoritative culture isn't favorable for socialization (disseminating tacit knowledge of one individual to tacit knowledge of another individual) and internalization (systematic phenomenon of understanding and keeping the explicit knowledge into tacit) and is also not advantageous in making knowledge management conceptualized strategy.

This research study comprises of employing questionnaire technique for getting data from thirty-one firms and in-depth interviews from 2 companies. The findings of this study are required to be verified with long lasting survey technique. The theoretical model is anticipated to be suitable for demonstrating the influence of authoritative culture on knowledge transfer and knowledge management phenomenon. After that firms can do modifications

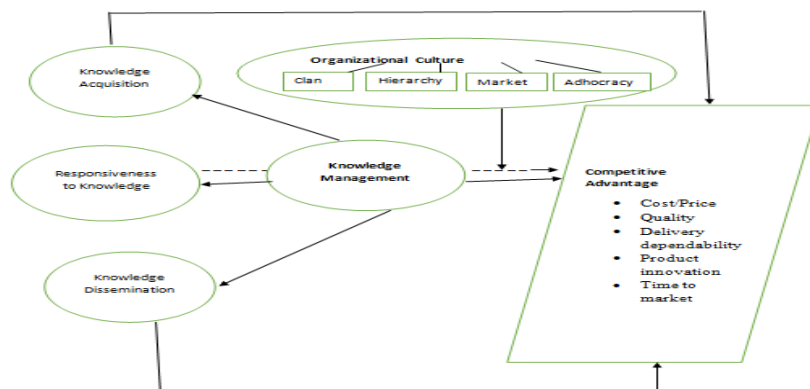
according to the requirement for the purpose of improving the efficacy of management phenomenon with the help of influenced firm’s culture.

Tseng (2010) illustrated that firm culture can either nurture or hampered the prosperity of KM process. “For that reason,” this research study attempted to formulate and analyze experimentally a theoretical model that is proposed to examine the linkage between firm’s culture and knowledge dissemination on the enterprise overall performance. Statistical test and survey questionnaire is used to attain good observational results on firm’s culture, knowledge dissemination and enterprise overall performance. The data when gathered via questionnaire and analyzed illustrate that innovative culture allow the knowledge dissemination and eventually improves enterprise performance more than the collaborative and structured culture.

This study examines the relationship among firm’s culture and knowledge dissemination on the enterprise overall performance in the Chinese environment that promote social and customary behaviors. Hence the different cultures are seen adopted in many countries. For future study it is recommended to target different countries following different culture. Any company that promotes innovative culture is convenient for the employers to gain knowledge, collaborate and feel empowered for communicating innovative ideas to the top-level management and that will eventually enhance enterprise overall performance and also results in higher company reputation. Much of the previous research study has also demonstrated that prospering the KM process increase the firm’s creativity. Although there is insufficiency of experimental results related to firm’s culture, knowledge dissemination and enterprise overall performance. Analyses is performed for evaluating the relationship of firm’s culture and knowledge dissemination on the enterprise overall performance and for this purpose three types of cultural factors as well as knowledge dissemination functions are formulated in this research study.

H5: Organizational culture (OC) significantly moderates the relationship between knowledge management (KM) and competitive advantage (CA).

Research Model and Hypotheses



Hypotheses

Figure 1: Theoretical Framework for Knowledge Management and Competitive with Moderating effect of Organizational Culture Model

Four hypotheses, as mention below are tested in textile companies of Pakistan. To investigate the impact of Knowledge Management practices, H1, H2, H3, H4 and H5. Hypotheses related to knowledge management and competitive advantage in detail are described as follows:

H1: Knowledge Acquisition has a significant and positive impact on Knowledge Management.

H2: Responsive to Knowledge and positive impact on Knowledge Management.

H3: Knowledge Dissemination has a significant and positive impact on Knowledge Management.

H4: There is a significant and positive impact of Knowledge management on Competitive advantage.

H5: Organizational Culture significantly moderates the relationship between Knowledge Management (KM) and competitive advantage (CA).

Research Instrument

Knowledge Management was developed by Darroch (2003) which consisted of three-dimensional scales including knowledge acquisition, knowledge dissemination and responsiveness to knowledge will be adapted and used for the study. Competitive Advantage is measure by using multi-dimensions of the construct defined by Byrd and Turner (2001), including Price, Quality, Product innovations, Delivery dependability and Time to Market. The major hindrance in implementation of knowledge management is OC 'organizational culture which is illustrated as the shared perspectives, value, ideology and principles in firms (McDermott & O'Dell, 2001). To measure organizational climate a scale developed by Cameron & Quinn (2002) will adapted and used for this study. Previous studies also used this instrument to measure organizational culture like Allmech, Zamani and Davoodi, (2011), Jacikova and Brychta (2009). The research study adapted the model of Quinn and Rohrbaugh (1983)

illustrate as the organization culture model that is named as competing value model. This competitive value framework classifies the firm's culture into four fundamental models that are clan culture, adhocracy culture, market culture and hierarchy culture. The clan and hierarchy based organizational culture focuses on employer development, mutual help, standard principle and procedure for higher business performance. These illustrated cultures emphasize to focus on inside business environment. While the adhocracy and market based organizational culture emphasize on external environment. The external and internal focuses that are the attributes of the dimensions of organizational culture is related with SCM like the purchaser & seller relationship that is illustrated in prior studies (Balakrishnan & Birger, 1986; Hewett, Money & Sharma, 2002). A six items scale on 5 points Likert type scale was adapted from prior validated research instruments where 1 represents strongly disagree to 5 represents strongly agree (Deshpande et al., 2007; Ke, Liu & Wei, 2010; Quinn & Spreitzer, 2005; McMott & Stock, 2004) to measure organization culture construct.

Data Collection

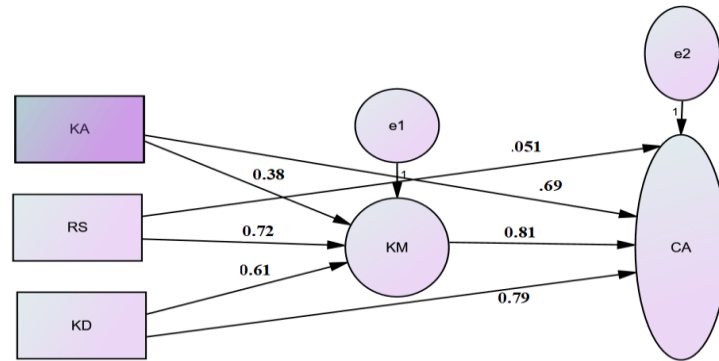
The research methodology detailed above indicates the complete procedure carried out by the researcher for solving the issue stated in research problem. Textile companies of Pakistan is the target population of this research study and the data is gathered from all the provinces (Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan) of Pakistan's strata. The data is collected from Pakistan's textile companies by taking the permission from APTMA. Disproportionate sampling technique is utilized for collecting data from sample of study. The survey questionnaire was developed with the help of prior validated instrument and employed in the natural setting of organizations. The developed instrument (Questionnaire) is pre-codified. The member companies of APTMA trade association are taken as the sampling frame for this research study. The number of respondents from all population are selected by using statistical formula of (Krejcie & Morgan, 2005) which has highest citation for sample calculation, 651 respondents are selected with 3.5% margin error and 96.5% confidence interval. The textile firms are located in different regions of Pakistan. It is recommended by Berenson, Levine & Krehbiel (2009) that due to these circumstances when the target population is located in different regions the cluster probability is the best sampling technique for obtaining the representative sample from the target population because it is the most cost-effective technique in contrast to simple random sampling technique. The cluster may comprise of countries, town, territory etc.

By taking into account, the description of cluster probability sampling techniques (Berenson, Levine & Krehbiel, 2009) it is illustrated that APTMA trade corporation, member organization are split into 4 clusters. The division was done on the bases of four provinces of Pakistan. For the purpose of selection of 651 respondents from this cluster, proportionate probability sampling technique is used. Punjab contains 220 firms so from this province, 415 respondents were needed to be selected. From Sindh out of total 104 firms, the study needed to draw 197 respondents. On the other hand, from Khyber Pakhtunkhwa, 10 firms have been selected which gave the opportunity to get answers from 19 respondents, and as no listed firm is found in Balochistan so no data will be collected from that cluster, consequently, study will remain focused only on 3 provinces. From Islamabad, 5 firms are listed in APTMA, 10 responses were taken from the said firms. For the selection of the respondents on firm level, this study will use convenience sampling at individual level. Proportionate probability sampling will be used for all these four clusters.

Data Analysis and Results

SPSS and AMOS are the two most familiar packages that are most probably used for data analysis. SPSS is 'Statistical package for social sciences' while AMOS is 'analysis of moment structure', the major difference between these two packages is that SPSS is used commonly for statistical analysis while AMOS is used for Model fit statistics. SPSS is used for composing data sheet from the data gathered for the target population under study. Direct and indirect effect has been used for the acceptance of hypothesis at significant 0.05 level. Structural equation modelling is considering to be one of most authentic technique for path analysis. Knowledge management and organizational culture with moderating effect was found positive impacted on competitive advantage, overall model was fit and all values lies within acceptance range. Therefore H1, H2, H3, H4 and H5 found supported.

Theoretical Frame work



AMOS Model for KM, OC and CA

Results and Discussion

For the alternate hypothesis H1 the findings of this research study indicate that Knowledge acquisition is positively as well as significantly associated with KM. Moreover, the correlation coefficient among the two constructs also illustrates the positive and significant correlation that is validated with the r value that is 0.49 and p value < 0.05 . Furthermore, the beta coefficient value of the relationship between Knowledge acquisition and KM is 0.38 at p value < 0.05 declares that Knowledge acquisition is considered as the major aspect and has its important part in KM. This illustrates that the firms should emphasize on Knowledge acquisition for improving knowledge management system that will eventually foster an organization growth. The findings of this research study are validated and justified as they are in accordance with findings of prior studies (Groff & Jones, 2012, Aguinis & Kraiger, 2015; Buckley & Caple, 2009).

For the alternate hypothesis H2 the findings of this research study indicate that Responsiveness to Knowledge is positively as well as significantly associated with KM. Moreover, the correlation coefficient among the two constructs also illustrates the positive and significant correlation that is validated with the r value that is 0.57 and p value < 0.05 . Furthermore, the beta coefficient value of the relationship between Knowledge acquisition and KM is 0.72 at p value < 0.05 declares that Knowledge acquisition is considered as the major aspect and has its important part in KM. This illustrates that the firms should emphasize on Responsiveness to Knowledge for improving knowledge management system that will eventually foster an organization growth. The findings of this research study are validated

and justified as they are in accordance with findings of prior studies (Hislop, 2013; Breaugh, 2015; Cabrera& Cabrera, 2005).

For the alternate hypothesisH3 the findings of this research study indicate that Knowledge dissemination is positively as well as significantly associated with KM. moreover the correlation coefficient among the two constructs also illustrates the positive and significant correlation that is validated with the r value that is 0.53 and p value < 0.05. Furthermore, the beta coefficient value of the relationship between Knowledge dissemination and KM is 0.61 at p value < 0.05 declares that Knowledge dissemination is considered as the major aspect and has its important part in KM. This illustrate that the firms should emphasize on Knowledge dissemination for improving knowledge management system that will eventually foster an organization growth. The findings of this research study are validated and justified as they are in accordance with findings of prior studies (Jackson & Schuler 2015; Chen et al. 2013).

For the alternate hypothesisH4 the findings of this research study indicate that Knowledge Management is positively as well as significantly associated with Competitive Advantage. Moreover, the correlation coefficient among the two constructs also illustrate the positive and significant correlation that is validated with the r value that is 0.65 and p value < 0.05. Furthermore, the beta coefficient value of the relationship between Knowledge Management and Competitive advantage is 0.67 at p value < 0.05 declares that Knowledge Management is considered as the major aspect and has its important part in CA. This illustrate that the firms should emphasize on Knowledge Management for improving competitive advantage that will eventually foster an organization growth. The findings of this research study are validated and justified as they are in accordance with findings of prior studies (Chuang, 2014; Power, Sharda& Burstein, 2015; Meihami &Meihami, 2014; Massa &Testa, 2014; Newman, 2013; Rahimli2012; Andreeva Kianto, 2012; Nguyen, 2010; Kearns &Lederer, 2013).

Table 1: Summary of Hypotheses results H1-H4

Connection Between Variables	Beta value	Critical Value	P value	Decision / Remarks
β_1 (KM←KA)	0.38	10.31	0.00	Supported
β_2 (KM← RS)	0.72	9.51	0.00	Supported

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β_3 (KM \leftarrow KD)	0.61	11.21	0.00	Supported
β_4 (KM \leftarrow CA)	0.79	15.29	0.00	Supported

Note KA= Knowledge Acquisition, RS = Responsiveness to Knowledge, KD = Knowledge Dissemination, CA = Competitive Advantage, KM = Knowledge Management

Moderation Analysis

Finally, H5 formulated hypothesis, that organizational culture significantly moderates the relationship between knowledge management (KM) and competitive advantage (CA) is found supported. It is depicted that KM with CA is illustrated significant with beta coefficient value of 0.038 at a significance level of 0.05 and conditional Indirect Effects (moderator mediation) at each level is found significant. The interacting term of KM with the OC (moderator) regressed significantly with CA indicated by beta coefficient value= 0.141 at a significance level of 0.05. This validate H5 hypothesis that OC moderates the linkage among KM and CA and therefore verifying H5 hypothesis.

Table 2 Model Coefficients for Conditional Indirect Effects of Knowledge Management on Competitive Advantage through Organizational Culture

Antecedent	Consequent							
	M (KM)			CA (Rep. Int.)				
	<i>Coe</i>	<i>SE</i>	<i>P</i>	<i>Coeff.</i>	<i>SE</i>	<i>P</i>		
M (KM)	–	–	–	b_1	0.380	0.07	< 0.05	
V (OC)				b_2	0.244	0.03	<.001	
M X V	---	---	--	b_3	0.040	0.02	0.013	
Constant	i_1	2.39	0.02	<	i_2	1.221	0.18	<.001

Drawing upon Aiken and West (1991) approach of testing interaction, mediator was treated as predictor (Knowledge Management) against DV (Competitive advantage) in the presence of moderator (Organizational Culture). Following the guidelines of Aiken and West (1991) the responses were sorted in ascending order and divided in two groups on values of moderator. Simple scatter plot was drawn and slopes were examined for high- and low-level values of moderator. Further to this, the formal statistical significance using interactional based regression is explained in Table -2. It was observed that Mediator (Knowledge Management) was strongly related with DV (Competitive advantage) at higher levels of moderator (Organizational culture) ($r = 0.912$) as compared to the medium ($r=0.241$) or low levels ($r=0.109$) which implies that the impact of IV (Knowledge Management) on DV (Competitive advantage) increases in the presence of higher levels of moderator (Organizational culture).

Managerial Implications and Recommendations

Firms are required to make an effort for developing knowledge management related capabilities within before accommodating an external environment where to maintain relationship with supplier and customers. It is found that internal knowledge management system is considered as prerequisite before developing integration with the external business partners. This is because of the fact that if the firms have inadequate capabilities for sustaining communication, collaboration, coordination and teamwork within the organization or with external business partner, then it only remains as a dream. Organizations are required to heavily spend and focus on developing knowledge management integration with the firm's culture, prospectively, as whole organization can play significant part in attaining superior knowledge management integration and competitiveness within the organization. Management of the organization is not only required to assure optimal effort within the firm to receive the advantages in respect to KM competitiveness but also optimal efforts are required to be associated with sharing and acquiring of knowledge integration to better establish knowledge management system. Management of the firm is required to create an environment of promoting organization culture that will enhance the association with knowledge management. If supposed that firms establish and give adequate importance to the course of actions such as continuous improvement workshops, team building activities, recreational activities, on-site visit that will nourish the firm's

relationships, the relationship with HR and relationship with the external members i.e. suppliers and customers. It is not only considered an aspect for sharing knowledge assets but also create an organization culture where every individual attempt to understand the wants and needs of ultimate customer and also able to utilize the firm resources in a more effective manner. Lastly, the managers of the firms are required to ensure that an organization concentrates on market and external positioning and creating a fit with outside environment. Firms are also required to give adequate importance to innovation, creativity, flexibility, diversity, readiness to adopt change. If a company owes the cultural attributes, which are markets focused and developmental based cultural types that will eventually promote KM within the organization.

Limitations and Future direction of the Research

Current study has discussed and recognized the significance of knowledge management philosophy, but still there are some important arguments related to knowledge management that compel to be responded in order to get more insights regarding the concept that how to adequately adopt the knowledge management phenomenon and its influence on firm's capability and competitiveness. Historical research studies employed in various setting and in western countries come up with diversified outcome and it demands future research studies to be conducted in different settings to get more validated results. However current study is administered in the scenario of Pakistan Textile companies, as there is no research study administered before in this sector in Pakistan according to the knowledge of researcher, in future data may be collected from other sectors as well. Other variables like organizational psychological capital, organizational learning may be added up for extension of the study.

Conclusion

This concept is well known as being the major aspect that promotes innovation and creativity in Textile sectors and also contemplate as a means of attaining competitiveness by promoting market base and development culture. It is due to the fact that firm's which give importance to flexibility, creativity, innovation, diversity, learning culture and redesigned organizational processes for accommodating in external and competitive environment circumstances seem to be at the supercilious level that preserve and promote the occurrence of favorable organizational culture. Thus, organizations who sustain flexibility, diversity, innovation and readiness to adopt changing culture and make an effort for gaining and acquiring knowledge from the external and internal environment

develop an organizational effect and heighten the organization's competitiveness and achieve the desired goals.

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