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KNOWLEDGE SHARING AND PERFORMANCE: A MEDIATING ROLE OF INNOVATION

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ABSTRACT

The Resource-Based View (RBV) states the intangible resources as knowledge resources that provide better and more strategic outcomes than tangible resources of the organization. In this discourse, this study inclines to investigate the role of explicit and tacit knowledge sharing practicing (KSP) on the performance of banks with a mediating role of innovation. The existing instrument is utilized to gather the information from 268 managers from the sample size of 42 banks. Confirmatory factor analyses (CFA) utilized to assess the accuracy of the model. The results of the study shed light that innovation altogether intervenes in the relationship between both explicit and tacit knowledge-driven performance. Further, findings of the study postulate that explicit KSP fundamentally gives momentum to the performance of banks comparatively tacit KPS thus emphasizes that managers need to increase the flow of tacit KSP through social networking, etc.

1. INTRODUCTION

For years, knowledge sharing practices have become a significant area for organizations to gain desirable Performance. RBV proposes that organizations have package of knowledge resources and competencies, which are valuable, exceptional and non-substitutable, used for attaining maintainable competitive advantage and superior performance values (Barney, 1991; Karkoulian et al., 2013). The imbedded concept of 'innovativeness' in theory of RBV has paved the way to develop the knowledge-based theory of the organization (Grant, 1996; Wang et al., 2012). The plethora of research on theoretical conjecture of knowledge based view (KBV) suggests that handling knowledge resources are more likely to contribute for abstracting the sustainable performance relatively to physical resources (Lee and Sukoco, 2007). Keeping in view, this study hypothesizes that KS practices between personals, units, groups and entities are necessary for knowledge capture, store, sharing and protection to enables firms for leverage the resource constructing and capacity building in order to better performance outcomes (Barney, 1991; Decarolis and Deeds1999; Wang and Wang, 2012).Knowing the significance of KBV towards competitive advantage changed the mind sets of academicians and practitioners in terms of knowledge sharing, retention and protection for levering the innovativeness (Barney, 1991). Both theory of KBV and RBV emphasized the managing knowledge resources which are supposed to be critical key resources for better performance and sustainability (Karkoulian et al., 2013; Decarolis and Deeds1999; Barney, 1991). Nonaka & Takeucli, (1995) classifies the knowledge sharing into explicit and tacit.

Polanyi (1958) classified the knowledge into the explicit and tacit knowledge. Polanyi's study describes tacit knowledge as un-structured, non-articulated or non-verbal knowledge based on cognitive intuitions difficult to express and which resides in the minds of people and they takes home at day end. Whereas, this study explains the explicit knowledge as formal knowledge and well-structured easy to explain and present in the form of company's portal, manuals, policy and procedures. According to Lynch et al. (2010) organizational innovativeness is composed of a capability and talent to innovate, whereby the essential skills, knowledge, and competences are readily available to take advantage of market opportunities ahead of the opposition.Marques and Simon (2006) pointed out an empirical connection between KS practices and firms' performance in telecommunication and biotechnology industries. This study found that conceptualization of KS practices support the innovation in knowledge intensive organizations whereas theoretical model of KS practices also indicate a positive incidents on firms performance. Further, O`Dell et al., (2003) affirmed that organization implement the KS practices in order to enhance the value based capabilities to obtain competitive positioning among firms such as innovation of products, customers' retentions, and operational

excellency are basic and unique value based capabilities of an organization which make it possible to differentiate from others. KS practices improves the decision making capabilities of managers in terms to direct the future course of actions related to product development and innovation which provides the competitive edge to firms in local and foreign markets (Miller and Shamsie, 1996).

1.1 Knowledge sharing and innovation

Today, in uncertain environment the competitiveness is the way for sustainability due to evolution of technology and changing demands of customers (Reus et al., 2009) where KBV provides constructive lens to develop the relationship between KS, performance and innovation (Nonaka, 1991; Subramaniam and Youndt 2005). KS is a strategic resource for levering the competiveness and performance in terms of improved quality of products and services (Salaman and Storey, 2002). Yang (2008) postulates that knowledge is a resource of sustainability and KS practices integrates and share the knowledge to enhance the innovative capability of firms for better performance measures (Gao et al., 2009). In contemporary environment, effective production and dissemination of knowledge innovate the production processes and product knowledge to remain competitive (Tsai, 2002; Gupta and Govindarajan, 2000; Mowery et al., 1996). Drucker (1954) first, highlighted the connection of innovative capability with competiveness. Afterwards numerous studies exposed the relationship of innovative capability with KS (Zhi-hong et al. 2008; Nonaka and Takeuchi, 1995; Nonaka, 1991).

In this modern era knowledge is key strategic resource to innovate (Yang, 2008) where KS practices in the context of KBV facilitate to integrate the scattered knowledge to bring the creativity and innovative capability for achieving the ultimate performance outcomes (Gao et al., 2009). Prior research acknowledges that production and flow of knowledge is an important driver to innovate the production processes (Hansen, 1999; Gupta and Govindarajan, 2000). Further, research also concludes that knowledge process capability facilitate to augment the innovativeness capability of firms in terms of technological improvements, innovative strategies and contents of existing knowledge (Burgelman et al., 2004; Subramaniam and Youndt 2005). Literature exposed a close link between KS and innovation (Nonaka, 1991; Nonaka and Takeuchi, 1995; Barquin 2001; Zhi-hong et al. 2008; Zhi-hong et al. 2008; Cummings, 2003). Drucker (1954) was first, who highlighted the significance of "innovation capability" for achieving competitive advantage in a volatile environment.

In addition, Du Plessis (2007) and Lundvall and Nielsen (2007) point out that knowledge creation process bring innovative ideas in organization which contribute to exiting knowledge. Knowledge creation is an on-going process which turns to overcome the individual's constraints and barriers in terms of knowledge formation and sharing of new knowledge (Nonaka et al. 2006) which enables the organization to solve the complex problems through sharing of tacit and explicit knowledge. Saenz at el. (2012) argue that an organization has many mechanisms such as information and communication technology (ICT), personal interactions and embedded management processes work as facilitator to make knowledge creation and sharing process more effective. "On-line discussion forums, blogs, knowledge repositories and intranets and in some other cases, interpersonal interactions among employees such as mentoring, coaching and employee's functional rotation are crucial mechanisms to make knowledge creation process more operative for innovation" (Saenz at el. 2012, p.920). Further, they explained that organizations not only rely on these ICT-based and interpersonal mechanisms, also focused on embedded management process for knowledge creation.

Teece and Augier, (2009) affirmed that "dynamic and innovative capabilities" of an enterprise allows "shaping and reshaping", "configure and reconfigure" knowledge assets in order to adapt the ever changing technology, dynamic markets demands to remove the zero profit condition (which allow the firms to cover only its cost of capital). Such innovative capabilities allow the organization to maintain competitive positioning and reshape the existing knowledge embedded in products and services and business models with update knowledge by adding new product features. As discussed earlier, organization has several mechanisms as ICT based (Dalkir, 2005; Davenport, 2007) and face to face interactions (Wiig, 2004), such initiatives encourage the organization KS process and subsequently innovation. Saenz at el. (2012) conducted a study to empirical test the impact of different mechanisms (i.e. management processes, ICT based and personal interactions) on innovation capability (i.e. generation of new ideas and innovative project management) of medium and high tech Spanish and Colombian's companies. The results of study reveal that two mechanisms namely interpersonal interactions and embedded management processes significantly influence innovation process capability of firms except ICT based mechanism. Further, study provides strong evidence that all the above mechanisms laid down sound foundation to frame KS capabilities in medium and high-tech companies. Nevertheless, study also found that generation of new ideas and innovative project management has a significant influence on performance of medium and high tech Spanish's firms, whereas in case of Colombian firm's only innovative project management has a paramount and significant impact on performance.

Recognizing the growing importance of knowledge creation process, as it should not be apart from routine business processes and it must permeate in day to day management processes (Saenz at el. 2012). As ICT based KS sharing practices are computer based activities that enables an organization to capture, store, codify and transfer the organization's knowledge into organization business processes. Such initiatives facilitate the organization for innovation through development of new products and services as per customer's needs. Strategy formulation, organization design and control are major elements of management process which encompass innovation in routine business processes. As management processes encompass strategy formulation where organizations set their goals and develop plans (Simons, 1995). In this discourse, external and internal analysis is elementary; conducting external analysis organization identifies opportunities and threats in a competitive environment and determines the ways how to compete in a competitive environment (Saenz at el. 2012). "So far internal analysis detects strengths and weaknesses of organization, as well realizes which resources and capabilities are likely to be a source of competitive advantage" (Barney and Hesterly, 2010). Likewise, organizational structure and culture are also major pillars where organization can manage and control the activities to meet its objectives. More explicitly, organizational structure refers to formal set of activities to control people behaviors and actions as they coordinate to each other (Etzioni, 1964; Jones, 2013), however organizational culture is the share values, believes and norms that rheostats people communications. Setting out earlier discussions, the knowledge creation in management process encompasses exchange of information, ideas and thoughts that articulates the external and internal analysis; coordinates the individual's interactions in organization; and need to take corrective actions in order to retain the organization on track (Saenz at el. 2012). Such knowledge sharing practices are particularly framed in embedded management processes which can be grounded based on ICT mechanisms or personal interactions; hence facilitating the innovation through improved products and services. Finally, literature reveals that innovation is imperative for the survival of firms, and need to identify and share knowledge that yields the innovation capabilities and performance. Knowledge sharing practices is the answer of above argument that improves the innovation capabilities and performance. Barquin (2001) argued in order to encourage the innovation; organizations need to encompass KS practices.

2. LITERATURE REVIEW

During the last couple of decades, A large amount of experimental work validate role of KS Practices and innovativeness achieving essential performance standards in different countries Such as; W.Rehman et al., 2015;Gao et al., 2009; Carr & Kaynak, 2007; Wang and Wang, 2012; Du et al. 2007; Wang et al. 2014; Harlow, 2008; Zhou et al., 2013; Andreeva & Kianto, 2005; Cassiman & Veugeler, 2006; Lichtenthaler, 2007; Darroch, 2005; Cohen & Levinthal, 1990; Yli-Renko et al.,2001; Gao et al., 2009;Cavusgil, 2003; Lynch et al. 2010 etc. These all are prominent writers and researchers from different countries, by whom opinions are presented on KS practices, innovativeness and organizational performance.

2.1 Knowledge Sharing Practices (KSP)

Knowledge constitutes blend of experiences, qualities, data and systematic mentalities that give genuine edge work to assessment and usage of new understandings and data. Knowledge distribution portrayed as procedure where people generally exchange their own particular knowledge (understood and clear) and together incite arrangement of original knowledge (Hooff & Hendrix, 2004). Over 15 years sooner, Nonaka (1994) presented important buildings framed advance of hierarchical knowledge creation hypothesis it exists today. Nonaka (1994) presented running with two premises that formed movement honest to goodness knowledge creation hypothesis:

- Tacit and explicit knowledge judiciously have recognized along field.
- Knowledge change clarifies, speculatively and precisely, collaboration among implied and express knowledge.

Exchanges and giving input make feasible for representatives to extend comprehension explicit and indirect knowledge sharing. Following approach, not exclusively representatives ready to respond quickly against condition requests, yet additionally they can extremely diminish possible expenses of problem solving methods. Knowledge sharing can assume an essential part during the time spent organizational learning, and it can likewise give momentous advantages to organizations (Woerkom & Sanders, 2010).

2.2 Explicit Knowledge Sharing Practices (EKSP)

As express knowledge exists in representative or created outline, Explicit KS includes relatively everyone types of KS systematized in organizations. Practices of Explicit Knowledge Sharing show normally in workplace since express knowledge can effectively become transmitted. Management mechanisms, for instance, methodology, formal language, handbooks, and data frameworks, are high representatives' ability to share unequivocal knowledge (Coakes, 2006). Explicit KS especially augment codified knowledge and capacities of recipient and knowledge supplier in

manner develop understanding of own knowledge through information and talk (Ipe, 2003). Cooperation and individual contact engaged with Explicit KS may well push suitability of learning, change workers knowledge structure, and impel enhanced specific performance (Chao et al., 2011; Huysman & de Wit, 2004). In this way, designs help knowledge sharing among agents will make complete human capital (Spender & Marr, 2006; Hsu, 2008).

2.3 Tacit Knowledge Sharing Practices (TKSP)

The late Michael Polanyi (1966) has been by and large recognized as the building up father of the huge thought of unexpected learning. "We know more than we can tell." This can be utilized to portray the certain information, which alludes to the learning that is particularly dwells in people's brain and difficult to be clarified, shared and orchestrated in any information frameworks or databases. In any case, some portion of the implied knowledge can be externalized and shared by means of representation and similarity.

2.4 Innovation

From hierarchical viewpoint, inventiveness refers to firm's capacity to introduce new procedures, products or thoughts in affiliation (Hult et al., 2004). Consequently, firm creativity "readiness to change", awareness to new thoughts are as part of firm's culture (Hurley and Hult, 1998). While the accessibility of existing knowledge helps to decrease many-sided quality in the advancement process, the production of new knowledge is essential to ensure organizations deliver all the newer innovations. Organizations can advance faster and all the more successfully through creating and using knowledge quickly and viably (Cavusgil et al., 2005). Consequently, knowledge creation is an essential activity for organizations to convey in the event that they mean to succeed and sustain development over the long haul through consistently enhancing new products or services.

2.5 Firms performance

Firm performance results accomplished for meeting inside and external firm goals (Lin et al., 2008). As a multidimensional practice, performance takes few names, together with progression (Wolff & Pett, 2006; Dobbs & Hamilton, 2006), persistence, victory and competitiveness. Firm movement shown in mid 1930s known as "Law of Proportionate Effect" (once in a while named Gibrat's keep running of proportionate change). The Proportionate Law Effect constantly utilized benchmark for couple, concentrates to pick corporate change. Performance assessment characterized as standout amongst most essential managers 'obligations in organizations relied upon to support in organizational arrangements and techniques. Performance assessment encourages organizations to enhance their performance characteristics continually. From 1850 to 1975, performance assessment led just based on financial norms. This sort of early performance assessment framework extraordinarily condemned claiming it was not substantial and sufficiently dependable to enhance workers' performance and to give legitimate adaptability to tending clients' requests (Fernandes et al., 2006).

2.6 Theoretical justification and hypothesis

2.6.1 Explicit knowledge sharing practices and innovation

At point when authoritative members share contingent knowledge and change over it into explicit knowledge through gathering and giving, aggregate learning created, thusly improves stock of knowledge accessible to relationship. It contended organizations advance KS culture among hierarchical members probably going to create new ideas prompt item innovation (Mehrabani and Shajari 2012). Kamasak and Bulutlar (2010) displayed that information assembling more impact on exploitative and explorative development inside and outside workplaces than did giving learning with respects mechanical organizations of Turkey.

Thus, we propose that:

H_1: *Explicit knowledge sharing has positive impact on innovativeness.*

2.6.2 Tacit knowledge sharing practices and innovation

The "treasure covered up in the employee's' minds" (organization representative) –implied knowledge is the key of personalization strategy a (Greiner et al, 2007). One of four knowledge conversion processes as in Nonaka's (1994) SECI model; in particular socialization (the conversion of contingent knowledge to implicit knowledge) is thus significant for production of knowledge to support innovation process. Socialization takes put through observation, learning by doing, and apprenticeship. Nonaka (1994) perceived implicit knowledge being a vital source of upper hand for firms. It is fundamental for providers to procure inferred information for their own specific thing improvement. Second, how does unforeseen information affect providers' new thing execution? In like manner, the more grounded the relationship quality, the more the certain information exchange from amassing firms to providers. The framework demonstrates that unforeseen information impacts providers' new thing execution. Inferred information from gathering firms is essential for providers to influence their own insight, to abbreviate thing

advancement to time, and enhance new thing quality. (Johnson, 2002; Brockman & Morgan 2006). Thus, we propose that:

H_2: *Tacit knowledge sharing practices has positive impact on Performance.*

2.6.3 Explicit knowledge sharing practices and firms' performance

Exchange of Explicit knowledge practices inside firm to join divergent knowledge sources and change into principle force for financial performance. An expanded level of Explicit KS misuses current formal knowledge and mastery in consolidated critical reasoning, which can bring about improved products and procedures (Lawson et al., 2009). Lee e al., (2001) found once successful Explicit KS takes place clearly in outsourcing projects, firms' financial results would move forward. Wang and Wang (2012), confirmed that Explicit KS hones encouraged innovation and financial performance." In broad scale, Many KS practices preparing and improvement, imaginative help, sharing of formal manuals and reports little cases to share knowledge over Firm to make products quality and administrations as far as working upgrade and client warmth (Gao et al., 2009). Thus, we propose that:

H_3: *Explicit knowledge sharing practices has positive impact on Firms' Performance.*

2.6.4 Tacit knowledge sharing practices and firms' performance

The esteem making capacity exists in sharing of know-how or assembled information of originators, administrators and propelling staff makes down to earth high ground (Harold, 2008). Du et al. (2007) analyzed relationship among learning sharing and firm execution fabricated investigation and discovered specific estimations of information sharing acknowledge expansive gathering parts in influencing execution. A firm's financial execution keeps an eye on increase when firm improves its determined KS, especially it identified with outsourcing, bargains, cost diminishment, quality assertion, R&D and customer administration. Implied knowledge is an exploratory and setting particular relational knowledge which empowers organizations' workers to share their experiences, instincts and insights composed for critical reasoning. Harlow (2008) contends suggested knowledge as far as specific and non-particular know-how dwells brains of architects, advertisers and operational managers take competitiveness as wellspring significant worth creation for firms. Moreover, Wang et al. (2014) additionally express that derived KS practices update affiliation's budgetary performance when it associated with taken a toll diminishment, client management, deals and outsourcing. Thus, we propose that:

H_4: *Tacit knowledge sharing has positive impact on innovativeness.*

2.6.5 Innovativeness and firms' performance

Gorton and Metrick (2010) summarize the purposes behind the development of present day financial innovation; lessening in chapter 11 costs, impose advantages, diminishment in moral peril, decreased administrative costs, straightforwardness and customization. An exceptionally turbulent condition prompts fruitful innovation making a remarkable competitive position and competitive advantage and prompt prevalent performance (Roberts and Amit, 2003). The present organizations are progressively concentrating innovation as a key factor in progress and competitive advantage. Imaginative organizations can adjust and react to quick a shaky domain and mechanical changes and get by in the present condition (Trott, 2008). Chen et al, (2012) noticed that item innovation can enhance generation and dissemination forms. Innovative performance provides competitive positioning in a dynamic environment if the firms integrate, sensing and restructure the internal, external and human capability efficiently (Teece et al., 1997). Thus, we propose that:

H_5: *Innovation has positive impact on Firms' Performance.*

3. METHODOLOGY

3.1 Data strategy and instrumentation

Based on convenience sampling techniques, this study collects the data from key informants working in banks. Table 1 depicts the technical specification of research. Total 310 questionnaires were distributed and 277 questionnaires were received with a response rate of 89.35% using 5-point Likert scale utilized by (Davis, 1989). Response rate was unexpectedly high might be the researcher highlighted a real issue that needs to be addressed in banking sector. This study considers 268 questionnaire for analysis and remaining were discarded due to incomplete response. Instrument consists of two parts. First provides the information about demographics and second part provides the information related to independent, mediating and independent variables. Nevertheless, all the variables were adapted from existing literature. This study uses the 5 items for explicit and 6 items for tacit practices adapted from the work of (Liebowitz and Yan, 2004; Wang et al. 2014; Wang & Wang 2012).

4. FINDINGS OF STUDY

4.1 Measurement model evaluation

This study employs the confirmatory factor analysis (CFA) for model examination (Fornell and Larcker, 1981; Hurley et al., 1997) through structural model. At first According to Carmines and Zeller (1979) Cronbach's alpha value of above 0.80 considered to reliably. Hair et al. (2006) presented criterion for Cronbach's alpha above 0.7 reliability adequate, above 0.8 reliability considered too good and above 0.9 reliability is excellent. Reliability assessed separately for each dimension included in model, based on Cronbach's alphas and composite reliability (CR), each of which should exceed 0.7. Hair et al. (2010).

Table 1. Reliability Analysis

Constructs	Measurement Items	Loading Items	Scale	Cronbach alpha
Explicit Knowledge Sharing practices	E1	.74	5 Likert	0.86
	E2	.76		
	E3	.72		
	E4	.67		
	E5	.86		
Tacit Knowledge Sharing practices	T1	.98	5 Likert	0.93
	T2	.97		
	T3	.98		
	T4	.98		
	T5	.96		
	T6	.87		
Innovation	I1	.55	5 Likert	0.82
	I2	.64		
	I3	.60		
	I4	.50		
	I5	.71		
	I6	.62		
	I7	.53		
	I8	.46		
	I9	.54		
Organizational Performance	OE1	.73	5 Likert	0.86
	OE2	.70		
	OE3	.52		
	CI4	.58		
		.62		
	CI5	.67		
	PL6	.46		
	PL7	.70		
	FA8	.52		
	FA9	.46		
	FA10	.46		
	FA11	.41		

NOTE: α= Cronbach's alpha, N= 268

Table 1 Show reliability of scale assessed by subjecting scale measuring explicit knowledge sharing practices, tacit knowledge sharing practices, innovativeness and Performance to reliability test. The results of test indicated computed Cronbach's alpha values of independent variables 0.86, 0.93 and 0.82 respectively. Alpha coefficient for the dependent variable is 0.86.

Table 2. KMO & Bartlett's Test

Constructs	KMO Measure	Bartlett's Test	Significance
EKSP	0.836	612.483	0.000
TKSP	0.900	3533.453	0.000
Innovativeness	0.827	694.630	0.000
Operational Excellence	0.706	228.908	0.000
Customer Intimacy	0.500	200.019	0.000
Product Leadership	0.500	135.105	0.000
Financial Leadership	0.688	281.946	0.000

The strength of relationship among the variables is measured by the Bartlett's test. When $p<0.001$ then its value is considered as significant and appropriate for factor analysis. Besides, values among 0.5 and 0.7 unremarkable, values among 0.7 and 0.8 great, values among 0.8 and 0.9 extraordinary and qualities over 0.9 heavenly (Hutcheson and Sofroniou, 1999). The outcomes propose (Table: 2). estimation of KMO for each develop well above suggested worthy level of 0.6 with the exception of Customer Intimacy and Product Leadership (KMO = 0.500) for both KMO =.836 for Explicit Knowledge sharing Practices, KMO= 0.900 for Tacit Knowledge sharing Practices, KMO = 0.827 for Innovativeness, KMO =0.706 for Operational Excellence, KMO = 0.688 for Financial accomplishment.

Table 3. Means, Standard Deviation and Pearson's Moment Correlation

Variables	Mean	S_D	EKSP	TKSP	I	P
EKSP	3.60	.76	1			
TKSP	3.61	.82	.600**	1		
I	3.85	.77	.492**	.597**	1	
P	3.36	.83	.611**	.589**	.568**	1

M= Mean; SD = Standard Deviation; EKSP = explicit knowledge sharing practice;
TKSP = tacit knowledge sharing practice; I = innovativeness, OP = Organizational performance.

There is no showing of causal associations among factors in relationship (Hussey and Hussey, 1997). Dependable rules for elucidation of relationship investigation must take after. Connection thought about amazingly low if lies among 0.00 and 0.20, Correlation thought about direct if among 0.40 and 0.60, relationship considered solid and strong if lies among 0.60 and 0.80 and that among 0.80 and 1.00 shows to a great degree high affiliation (Bartz, 1999). Table 3 represents correlation values of explicit knowledge sharing practice, tacit knowledge sharing practice, innovativeness, organizational performance. The mean value of 3.60 close to 4 which means most of respondent agreed and .764 standard deviation of which shows 74% variation among responses. Moreover, positively significantly correlated (r= 0.600**, 0.492**, 0.611**) with, tacit knowledge sharing practice, innovativeness and organizational performance. The mean value tacit knowledge sharing practice 3.61 close to 4 mean most of respondent agreed and .829 standard deviation of tacit knowledge sharing practice, shows 82% variation among responses. Moreover, explicit knowledge sharing practice, innovativeness, correlated with tacit knowledge sharing practice (r= .600**, .597**, .589**) respectively. The mean value of innovativeness 3.85 close to 4 which mean most of respondent agreed and .773 standard deviation innovativeness which shows 77% variation among responses. Moreover, innovativeness correlated (r= .492**, .597**, .568**.) with explicit knowledge sharing practice, tacit knowledge sharing practice, and organizational performance respectively. The mean value of organizational performance 3.36 close to 4 it means majority of respondents agreed and .837 standard deviation of organizational performance which shows 83% variation among responses. Moreover, organizational performance correlated (r= .611** .589**, .568**) with explicit knowledge sharing practice, tacit knowledge sharing practice, innovativeness respectively.

4.2 Structural Equation Modeling (SEM)

4.2.1 Direct effects

Figure 1 presents the standardized direct effects among the explicit knowledge sharing practice, tacit knowledge sharing practice, innovativeness, and organizational performance among mangers. Table 4 demonstrates the significant direct impact of explicit knowledge sharing practice, tacit knowledge sharing practice and innovativeness on organizational performance (β= .35, .22, .26 P< .05) respectively.

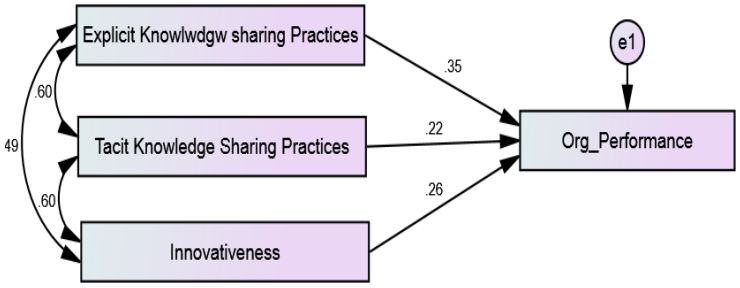

Fig. 1. Structural Analysis of Path Mode

Table 4. Standardized Estimates of Direct Effects

Indications of Relationship of variables			Standardized Estimate	C.R.	P	Results
OP	←	EKSP	.347	6.24	***	Significant
OP	←	TKSP	.224	3.70	***	Significant
OP	←	I	.263	4.74	***	Significant

ESKP = explicit knowledge sharing practice, TKSP = tacit knowledge sharing practice, I = innovativeness, OP = organizational performance.

4.3 Mediation analysis

In present study, we used Baron and Kenny (1986) typology for mediation analysis and all direct effects investigated by using structural equation modeling innovativeness incorporated in among association of explicit knowledge sharing practice, tacit knowledge sharing practice and organizational performance. Figure 4.12 illustrates when Innovativeness tested in among relationship of explicit knowledge sharing practice, tacit knowledge sharing practice and organizational performance, direct relationship of explicit knowledge sharing practice, tacit knowledge sharing practice significant with organizational performance and indirect effect of explicit knowledge sharing practice, tacit knowledge sharing practice on organizational performance along mediating effect of innovativeness remained also significant as show in Table 5. The direct and indirect both relationship significant then result indicates partial mediation, therefore researcher suggested fair reward of allocation effect among relationship of explicit knowledge sharing practice, tacit knowledge sharing practice and organizational performance in Banking sector.

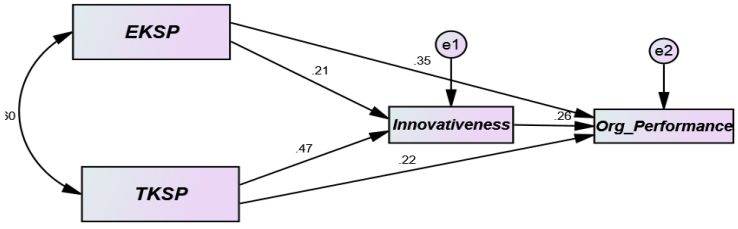

Fig. 2. Structural Analysis of Path Model

Table 5. Standardized Estimates of Path Analysis

Indications of relationship of variables			Standardized Estimate	C.R.	P	Results
I	←	EKSP	.208	3.467	***	Significant
I	←	TKSP	.472	7.868	***	Significant
OP	←	EKSP	.347	6.244	***	Significant
OP	←	TKSP	.224	3.703	***	Significant
OP	←	I	.263	4.745	***	Significant

ESKP = explicit knowledge sharing practice, TKSP = tacit knowledge sharing practice, I = innovativeness, OP = organizational performance.

Table 6. Standardized Estimates of Path Analysis

Endogenous Variables	Effects	EKSP	TKSP	I
Innovativeness	Direct Effects	.208	.472	.000
	Indirect Effects	.000	.000	.000
	Total Effects	.208	.472	.000
Organizational performance	Direct Effects	.347	.263	.263
	Indirect Effects	.083	.053	.000
	Total Effects	.430	.316	.263

5. DISCUSSION AND IMPLICATIONS

This examination gives numerous profitable bits of knowledge, first concerning direct impact of explicit KS hones on Innovations and performance, outcomes demonstrate that explicit KS practices essentially ($\beta = 0.21$; $p < 0.05$) impact originality and performance ($\beta = 0.35$; $p < 0.01$). Further, as for mediating part Innovativeness comes about show that halfway intervene connection among explicit KS practices and performance. In any case, comes about demonstrate that immediate impact of explicit KS hones on performance steady with past investigations (Wang & Wang, 2012; Carr & Kaynak, 2007). Further, based on hypothetical focal points of RBV and KBV, this finds explicit knowledge sharing straightforwardly impact banks performance as well as by implication impact banks performance through reinforcing knowledge management techniques. Further, keeping in observe prompt effect of express KS practices Innovation, and execution of banks, this examination also uncovers understanding that unequivocal KS sharpens emphatically and in a general sense related with Innovativeness ($\beta = 0.21$; $p < 0.01$) and execution ($\beta = 0.35$; $p < 0.01$) of banks.

The positive relationship among implicit KS practices, innovation and performance of banks exceptional finding in field of KM. The outcomes propose that tacit knowledge sharing practices all the more altogether impact middle measures and performance. One of conceivable reasons in setting of investigation might that knowledge which comes through casual ways (i.e. experience, aptitudes and mastery) which inserted in psyches of individuals through interpersonal organization and collaborations. Such casual sharing of knowledge tends to help representatives in problem settling through novel way, enhances item quality and administrations and too lessens operational cost. Along these lines, it might have proposed that unsaid knowledge hotspot for representatives to share past disappointments keeping in mind end goal to enhance their future course of activities.

5.1 Conclusion and implications

The target of study to reveal how KS practices enhances banks' performance within sight of Innovativeness. As of late, numerous investigations contributed effect of KS practices on firms' performance within sight of critical success variables of KM. In any case, not very many investigations endeavored to inspect effect of KS practices on firms' performance within sight of Innovativeness middle person variable. To connect up this hole, we tried mediating model and found that both explicit and implicit KS practices straightforwardly affected performance of banks, as well as in a roundabout way impacted performance of banks through empowering Innovation methodology. The aftereffects of study hypothesize that KS hones essentially increase general performance of banks as far as better conveyance of item knowledge to clients which swings to enhance client administrations, operational performance, and financial accomplishment (i.e. deals development, benefit and so forth.) accordingly approving discoveries of Wang and Wang (2012) and Wang et al. (2014). Over the last few decades, the nature of work in banking sector has been seriously affected by the attitude of Knowledge Sharing practices. The researcher originated that due to changes in the personnel's behaviors and work environment, the primary concepts and theories of organizational behaviors

have been altered as evidenced by this study. In the current study, the researcher attempted to investigate whether the findings of the past studies (Wang et al. 2014; Harlow, 2008; Zhou & Uhlaner, 2009; Andreeva & Kianto, 2005; Cassiman & Veugeler, 2006; Lichtenthaler, 2007; Darroch, 2005; Cohen & Levinthal, 1990; Yli-Renko et al.,2001; Gao et al., 2009;) which have been explored in western countries can be generalized in other countries or whether it differs from contextual change.

In current study, the researcher addressed an emerging issue of innovativeness among the KSP and performance of banking sector. To accomplish the objective, Researcher cohesive a comprehensive model and formulated four research questions to investigate the phenomena of innovativeness among Knowledge sharing practices (Explicit Knowledge & Tacit knowledge) and Banks performance. Here researcher addressed the latest methodological, contextual and theoretical gaps and enhance the previous models of innovativeness (Wu et al., 2007 and Roberts and Grover, 2012) by investigating the explicit knowledge sharing practice, tacit knowledge sharing practice, innovativeness, as predictors of organizational performance. To examine the above-mentioned relationships among constructs a quantitative approach was applied and questionnaires were used to collect data from Managers and the employees who have minimum three years' experience. Total 310 questionnaires were spread and 277 questionnaires were returned at the (ARR) actual response rate of 89.35%. Response rate was unexpectedly high. A possible reason might be that the researcher highlighted a real issue that needs to be investigated, but unfortunately ignored in banking sector of Pakistan. Furthermore, 277 questionnaires were scrutinized and 11 questionnaires were found with missing observations, leaving 268 questionnaires to be used for normality tests. Finally, after detection of outliers and deleting the effected observations, total 268 usable questionnaires were selected for data investigation.

Furthermore, the researcher confirmed each construct by using confirmatory factor analysis through AMOS 21. Moreover, the researcher compared each model by using chi-square difference test and results suggested that the one factor model is the best fit. However, the results suggested that the explicit knowledge sharing practice, tacit knowledge sharing practice, innovativeness, as predictors of organizational performance. A possible explanation of this significant relationship may be the contextual change or may be because of political instability and law and order situation in Pakistan. Moreover, the researcher attempted to investigate a mediating effect of innovativeness in between the relationship of explicit knowledge sharing practice, tacit knowledge sharing practice, innovativeness, and organizational performance. In the current study, the results supported the mediating effect of innovativeness. Therefore, according to Baron and Kenney (1986) mediation exists and there is at least partial mediation between the exogenous and endogenous variables because the direct and indirect relationship between variables was significant. As results demonstrate that explicit knowledge sharing practices all the more essentially add to performance of banks than Tacit Knowledge Sharing practices. Which recommend that Management needs to acknowledge the vital esteem that groups of training can convey organization by permitting satisfactory consideration and self-governance for these sorts of gatherings to develop naturally in creation and sharing of inferred knowledge. It part of managers to add to this interchange of implicit and explicit knowledge and go about as "knowledge dealers" inside organization.

5.2 Limitations and future research directions

The present study appears more comprehensive studies about knowledge sharing practices in Pakistan banking sector, using instruments acceptable reliability and validity, sufficient sample size, probability sampling, and sound data analyses. However, this study limitations as follow:

There are many problems related with primary data collection. In this study participants from all across city that include dissimilar respondents. This will facilitate us in generalizing our study findings. But due to involvement of diverse Managers in the data collection step, some employees were not able to fill questionnaire properly and give their response about our research. Questionnaire was a new thing for most of the respondents and they were not aware about it properly. Some of the respondents give their responses but those responses were inflated due to social desirability factor. Unilingual questionnaires were designed (i.e., and English), and it was found very difficult in finding accurate alternative words of English language that have same meanings. As this study was done in a limited time period therefore due to lack of adequate financial and non-financial resources and shortage of time, scope of this study was not extended. Because of conducting this study in only one country Pakistan, its generalizability has been restricted. The managers firmly trust that exploration travel and not goal. In this regard, they suggest additionally look into in following regions, despite fact that it must note that rundown isn't thorough:

Firstly, although this study is very important and useful for management of both kinds of banks because it will help them in analyzing their Knowledge management and advancement of products and services. By considering those variables I would recommend new researchers to analyze more significant variables that are playing a more contributing role in enhancing service quality of all kinds of banks in Pakistan. It is also recommended that new researchers can expand the same study by comparing knowledge sharing practices effect in both Islamic and

Commercial banks of different provinces or different countries. Secondly, Researchers can Investigate Comparison analysis at sectorial differences like public sector and private sector level or Commercial banking and Islamic banking knowledge sharing practices. Thirdly, this ponder considers just Commercial banking segment as one of knowledge arranged segment out of administrations sector. Be that as it may, future scientists may test this instrument in other cutting edge producing segment like programming, pharmaceutical, synthetic and power and so on for analysis of influence of business Performance, Innovativeness and knowledge sharing conduct. Finally, Forthcoming investigation might cover financial performance data, for example, ROI (Return on Investment), ROE (Return on Equity), net income, or other financial pointers associated with knowledge management performance.

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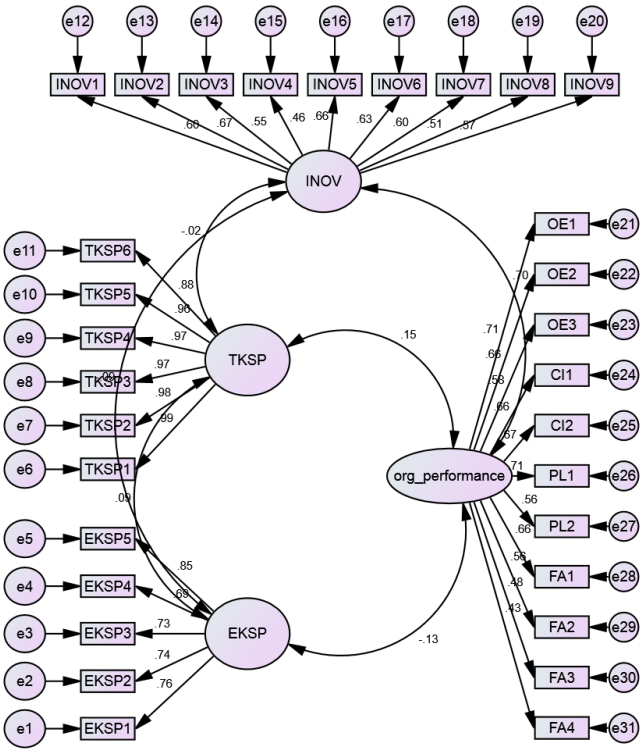
APPENDIX-I



Measurement Model