

Enhancing Knowledge Management through Effective Leadership Styles: Evidence from Pakistan

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Abstract

The present study investigated the effect of leadership styles on knowledge management. The population of the study consists of faculty and administrative staff of public sector universities of Khyber Pakhtunkhwa. To test the study hypotheses, correlation and regression analysis were conducted. The study found that transformational leadership style has positive and significant relation with knowledge management effectiveness. The study found that transactional leadership style has negative but significant relationship with knowledge management effectiveness. The study concluded that educational institutions should adopt transformational leadership style in order to improve knowledge management effectiveness. Educational leaders should not adopt transactional leadership style as that type of leadership negatively affects knowledge management. The study recommended that leaders of the educational institutions should get involved their subordinates in decision making process in order to further enhance their performance. Managerial implications, recommendations and directions for future research are also highlighted.

Keywords: Transformational Leadership Style; Transactional Leadership Style; Knowledge Management Effectiveness; Pakistan

Introduction

To acquire a competitive edge over the rival firms in business market in present era of knowledge, it is essential for organizations to use knowledge as an extra resource. There must be sharing of knowledge among employees and fit it into organization nature. According to knowledge-based approach; the increase in organizational effectiveness may be achieved only through knowledge management effectiveness.

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To understand knowledge sharing, scholars have presented different approaches on knowledge management. Organizational literature reveals that sharing of knowledge is essential for organizational learning. There is three form of Organizational learning that are stimulus response, information processing, and knowledge creation. According to researchers, sharing of knowledge is a human interactive process and found that Korean organization has very less use of above-mentioned perspective. In order to increase the understanding of knowledge management, different approaches are used to various perspective of knowledge management.

The success or failure of knowledge management in organization depends upon the support level of top management. Due to this reason, the majority of scholars have not given importance to knowledge management as a slogan for organizational change. The time allowed to members of knowledge management process for creating, sharing knowledge and allocation of resources is totally determined by top level management. According to Greengard, it is important for senior management to take part in the process of knowledge management and decision making. It is right that the involvement of top management in knowledge management process has an important role in organizational performance. However, the middle managers role cannot be set aside in success of organization.

Various research studies have been conducted on leadership styles, and knowledge management. Previous research highlights leadership styles in greater detail. Similarly, researchers also studied knowledge management effectiveness. But up to the researcher knowledge, not a single research study was found to link the aforementioned variables and to evaluate the impact of leadership styles on knowledge management effectiveness. So, the aim of this research study is to bridge the gap by examining the effect of leadership styles on knowledge management effectiveness in Pakistani HIEs.

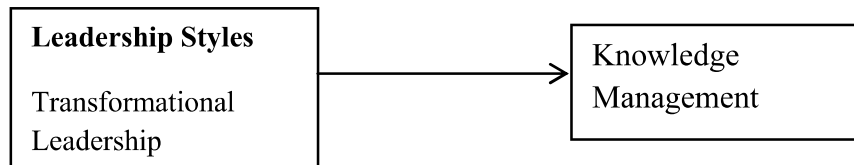
Literature Review

Researchers always focus to introduce new knowledge within an organization in order to offer new goods or services to differentiate it from rival firm for getting competitive edge in the market. Knowledge is kept in employees' brain. To improve organizational performance, human resource managers try to use such style of leadership to get involved employee in the knowledge management process. Suitable leadership style is mandatory in the present era as different leadership styles have different impact on KM effectiveness. Transformational

leadership theory stated that due to leader's specific behavior subordinate's performance are improved, innovation in organization are brought and overall performance are increased. So, transformational leader influences employee performance to a greater level.

Transformational leaders are better than transactional or laissez-faire leader to handle the problems. Team expertise is built up by increasing members' willingness and share information in the group. Team performance is possible through knowledge sharing between leaders and managers.

Knowledge sharing has been examined with several aspects of leadership. Positive direct effect of leadership has established with trust. If innovative minded emergent workforce is given, then knowledge creation will be built up with a transformational leadership style. In comparison to bureaucratic leadership, transformational leadership gives more value to employee needs. Transformational leader will motivate employees to give preference to organizational interest on their own interest in short term and in future interest of the firm.



Hypotheses of the Study

H: Leadership styles have significant effect on knowledge management

H_a: Transformational leadership style has significant effect on knowledge management

H_b: Transactional leadership style has significant effect on knowledge management

Methodology

Population and Sample

Population of the study consists of all public sector universities of Khyber Pakhtunkhwa. Survey questionnaires are used to collect the data from all cadres of universities employees including faculty members and administrative staff in order to test the hypothesis of this research study. Convenience sampling technique was used to gather data from the selected universities (i.e. University of Peshawar, Agriculture University Peshawar, Islamia College University, Kohat University, Bannu

University, Khushal Khan Khattak University, AbdulWali Khan University, Swabi University and Bacha Khan University).

The sample of the study consists of 300 employees from these selected public-sector universities. Primary data was gathered through structured questionnaire. A total of 300 questionnaires were distributed, out of which 210 questionnaires were received back. Finally, 190 questionnaires were used for analysis. Validity and reliability of instrument was check through relevant econometric tests and found it satisfactory.

Measurement

To measure Knowledge management effectiveness a scale developed by Gold's was used. This scale has 13 items and was measure trough five-point Likert scale. For leadership styles a scale consisting of 14 items developed by Avolio and Bass measuring through five-point Likert scale was used.

Empirical Results

Different econometric tests like descriptive statistics, frequency distribution, mean comparison, reliability and validity analysis, simple and multiple regressions were applied and reported.

Correlation Matrix and Reliability

Table 1

Correlation Matrix

	KME	TRANSL	TRANRL
Alpha Coefficient			
KME	1		
TRANSL	.777**	1	
TRANRL	-.384**	-.400**	1
			.916

**Correlation is significant at .01 levels (2-tailed)

The above table depicted correlation matrix and alpha reliability of the study variables. As shown in the table, transformational leadership has positive and strong correlation with KME and transactional leadership has negative and weak correlation with KME. Similarly, transactional leadership is also negatively correlated with transformational leadership. The values of alpha reliability are more than the benchmark value of 0.60, thus, the scale adopted by the current research is highly reliable.

Regressions Analysis

Table 2

Model Summary/ANOVA/Coefficient

Model	<i>R-Square</i>	<i>Durbin Watson</i>	<i>F</i>	<i>P-Sig</i>	<i>Unstandardized Coefficient</i>	<i>t</i>	<i>Sig</i>
1	.610	1.61	146.02	.00			
TRANSL					1.263	14.88	.00
TRANRL					-.160	-2.75	.00

Predictor: (constant), TRANRL, TRANSL

Dependent Variable: KME

The cited table reflects model summary of the study dependent variable that is KME and independent variables namely transactional leadership and transformational leadership. The *R* square value is .610, which means that our independent variables explain 60.1% variation in dependent variable. Durbin-Watson acceptable value ranges from 1.5 to 2.5. Here the value lies in the acceptable range i.e. 1.61. Thus, it means that the data has not auto correlated.

The above table also shows regression coefficient of the study variables. The *t* value of transformational leadership is 14.88 and transactional leadership is -2.75 which are well above the standard value of $\pm(1.96)$, and the *p* value is significant ($p < .05$). Thus, transformational leadership has positive significant relation and transactional leadership has negative significant relation with knowledge management effectiveness. The unstandardized regression coefficient of transformational leadership is 1.263 and transactional leadership is -.160, which means that there will be positive change of 1.263 units and negative change of -.160 in dependent variable KME due to unit change in transformational leadership and transactional leadership respectively.

Conclusion and Recommendations

The aim of this current study is to link transformational leadership and transactional leadership with knowledge management in public sector universities of Pakistan. The study found a positive and significant association of transformational leadership style with knowledge management effectiveness. The study also found that transactional leadership style is negatively related with knowledge management effectiveness. Based on these findings, the study concluded that the leaders of public sector universities should adopt transformational leadership style in order to improve their organization performance. By acting as a transformational leader, they encourage and motivate their followers to think innovatively and bring new ideas and strategies to

educational setting. Similarly, educational leaders should not adopt transactional leadership style as that leadership negatively affects overall performance of educational institutions. It is also recommended that leaders of the educational institutions should get involved their subordinates in decision making process in order to further enhance their performance. It is also recommended that they should avoid bureaucratic leadership style because such leadership discourage creativity and innovation and adversely affect organization performance.

Limitations and Future Research Direction

The current study gives importance insights to the current literature related to leadership theory and knowledge management. Although, there are some limitations as well, such as the sample size of the study is relatively small and only selects public sector universities. In future, it would be better to select larger sample size and take both public and private sector universities to better understand the phenomenon. Second, the study selects only transformational and transactional leadership styles and ignores laissez-faire leadership style, because the full range theory of leadership includes three types of leadership. In future, researchers may also check the impact of laissez-faire leadership style on KM effectiveness. Third, the study used transformational and transactional leadership as composite variables and did not check the effect of each dimension of transactional and transformational leadership. Future research should repeat the same study by checking individual leadership dimension effect on KM effectiveness. Finally, researchers may replicate the study in different context and culture for the generalizability of results.

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