CHAPTER ONE

1.1   BACKGROUND OF THE STUDY

Knowledge management has undoubtedly become an important area of the study among academicians and practitioners. Knowledge and its management have become significant for the corporate sector. This is due to the realization that knowledge is the source of competitive advantage. Therefore, knowledge is recognized as both the foundation of competitive advantage and the basis of market capitalization of companies. Knowledge management is utilized for many different things, and every company has its own distinctive approach. According to the definition of American Productivity and Quality Center (APQC), knowledge management is a kind of strategy that delivers the right knowledge to the right person at the right time. It helps members to share information and turn this sharing into actions that improve organizational effectiveness. It can then bring the collective intelligence influence ability into full bloom by using knowledge sharing that increases the response and innovation abilities of an organization's knowledge management. Strategies devised for Knowledge Management have been considered as a most valuable resource for competitive advantage. Many believe that managing intellectual resource and capability is the source of competition and innovation (Ginsburg and Kambil; 1999, Nahapiet and Ghusal, 1998). In the current competitive environment, the factors leading to enterprise success are no longer simply the investment in capital, labour and raw material, but the ability of knowledge innovation from all the members of an organization. Knowledge has now become a kind of strategic resource in enterprise.

Knowledge management (KM) refers to the process of capturing the collective expertise and intelligence in an organization and to their use in fostering innovations through continued organizational learning (Nonaka, 1991: Quinn et al., 1996, Davenport and Prusak, 1998). In the past 20 years, KM has led to new technological improvements as well as developments of new concepts. If used properly, KM can help organizations become more flexible as well as become better learning places. KM is expected to improve and create competitive advantages for business enterprises. Present day organizations concentrate on adapting to the concept of knowledge sharing between the different departments an adaptation that helps reduce cost and time, and improve their operational efficiency. Such an objective may be achieved by developing

a KM strategy to help the organization maintain or re-establish its competitive advantage (Elkhatib, 2009).

In KM literature certain level of agreement exists about the importance of business strategy. In the opinion of Hasen, et al., (1999) opinion a company's KM strategy should reflect its competitive strategy. Besides, Zack (1999) asserts that competing successfully on knowledge requires either aligning strategy to what that the organization knows or developing the knowledge and capabilities needed to support a desired strategy. Companies that take a codification approach for managing knowledge should follow the cost leadership at business level (Porter's, 1980) whereas firms which aim to achieve a differentiation in business strategy should manage their knowledge through personalization, if they want to be effective and enjoy higher performance (Hsi and Yun, 2005; Merono, 2007)

This research work has been devoted to investigate a fit between business and KM strategy that leads towards improving business performance. In this regard that researcher seeks to analyze the nature of the fit between business and KM strategy. There is a considerable debate about KM issues and their effectiveness in recent days, and to some extent managers in Nepal view KM effectiveness in terms of firms performance. Despite the reality, Nepalese organization has not clearly defined how to create knowledge, share knowledge, and use and reuse knowledge in a systematic way at individual, group and organizational levels what … the situation is the organization's lack of enthusiasm for business strategy as well as HR strategy for organizational performance. It is still not clear what kind of KM strategy Nepalese organizations are adopting, how far they are being successful in achieving the benefits of KM strategy to meet the organization's goals. A misconception that still prevails in Nepal's that managing information is KM. Obviously, KM is broader than information management. Without linking knowledge with a firm's strategy has no meaning of KM. KM identifies where the knowledge rests and it in people, process, structure and system that integrates with different functional areas to contribute towards a meaningful output.

The practices that have a more positive influence on firm performance are also obtained. In order to develop the various objectives proposed in this study, it is necessary to take account of different theoretical fields. This study includes a set of

approaches with a common factor, the importance of intangible assets as a source of sustained, competitive advantages. In this sense, this approach focuses on the importance of firms' specific competence in their strategy and performance. Keeping this view into consideration, this study mainly focuses on the existing status of organization in business strategy, knowledge management and knowledge management strategy in Nepalese banking sectors. Furthermore, the researcher endeavours to examine the relationship between business strategy and KM strategy in Nepalese banks and its potential impact on performance.

A fit among HRM practices in terms of skills and competencies (i.e., interpersonal and communication, leadership, and vocational and professional skills) can improve employee performance and enhance company's core competitive advantages (Stowe et. al., 2010) The importance of HR strategy in terms of skills and capability has been noted because knowledge, which two sides in the mind of employees is basically created and used by them. The successful implementation of KM is integral to corporate HR strategies the practice of the in terms of skills and competences significantly effects organizational member's attitudes, beliefs, values and overall work systems. It plays an important role in facilitating employee absorption, transfer, sharing and creation of knowledge about organizational goals. Therefore, HR skill and competence in terms of interpersonal and communication skills, leadership skills and vocational and professional skills affect employees motives and behaviors towards work and performance in participating KM activities in an organizations. It must be noted that enough exceptions are attributed to business strategy and knowledge management strategy (i.e. Asoh, 2004). Also, human resource strategy in terms of skills and competencies is interdependent (Adhikari, 2007). In this competitive age every type of organizations realizes that knowledge management is a valuable tool or instrument for maximizing performance through a network of people, process and systems. KM is expected to improve and create competitive advantage for business organizations.

But despite the distinct benefits, the strategic role of knowledge has been overlooked in many knowledge management projects and initiatives, and KM has been considered by many organizations as a "stand alone" project that is planned, initiated and operated in a isolated environment. There is already a large number of KM activities consciously or

unconsciously implemented in organization. Many of these implementations are failures due to the lack of the ability to align KM with the organization in terms of business strategy, human resource strategy in terms of employee competence and technological resources (Zack, 2002; Maier and Remus, 2002; Bernhard, 2005; Smith, 2007; Adhikari, 2004). What this means is that knowledge can be exist within five primary contexts that influence how KM initiatives affects organizational performance. These include strategic context, knowledge context, organizational and human context. An effective use of knowledge to derive competitive advantage could be achieved by a holistic approach that covers business strategy, knowledge management strategy and human resource strategic factors in terms of knowledge and skills.

Although an organization has access to knowledge, skills and expertise of employees, it may need to possess good capacities in using knowledge management tools to ensure effective utilization of the human capital in the development of organizational decision making process and expertise for performance (Ruggles, 1998). According to this view, prior studies recognize the knowledge and competence of human resource as valuable assets for firms because of their characteristics of being firm-specific, socially complex and path dependent (Wright et. al., 2000). As prior research clearly points out, the ownership type is a key variable affecting strategic alignment practice and organizational performance configurations. (Jiang, et. al., 2013). Therefore, given these differences, this study assumes different ownership patterns to have different preferences regarding the practice of strategic alignment among KM, Business and HR Strategy to achieve better performance.

Keeping these view into consideration in the light of previously mentioned literature, this study mainly focus on the practices of organization (i.e.-banking industry) in business strategy, knowledge management strategy and HR strategy in Nepalese banking sectors. Furthermore, the study seeks to examine the relationship between business strategy, knowledge management strategy and HR Strategy in Nepalese banks and its potential impacts on firms' performance. So, the study attempts to analyze the strategic alignment between KM strategy, business strategy and HRM strategy in terms of interpersonal and communication skills, leadership skills and vocational and professional skills which have a significant impact on organizational performance

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measured in terms of job satisfaction, commitment, individual competence, and market and financial performance.

In addition, there is a dearth of empirical study in Nepalese contexts. The Nepalese commercial banks are selected as an appropriate context for the current study. A theoretical model for KM strategic alignment has been built in this study based on the previously published literature on business strategy (i.e. cost leadership and differentiation strategy) KM strategic (i.e. codification and personalization strategy) from the perspective of KM and HR strategies in terms of leadership skills, interpersonal and communication skills, professional and vocational skills. Thus, this study tries to provide new empirical evidence of strategic alignment in the field of KM, a work that has implications for organization performance.

1.2   STATEMENT OF THE PROBLEM

Knowledge is regarded as a resource to gain competitive advantage. An intense pace of global market competitions, consumer's awareness and technological innovations have made the market place more competitive. So, Nepalese banking organizations need to use and harness their resources not only to sustain themselves in the competitive market but also to achieve competitive advantage and innovation. For this, they require well defined organizational strategy they must obtain comprehensive information about how KM strategy is managed and utilized strategically so that they may consolidate strongly their position in the global market. In the era of globalization, a firm's competitiveness depends on its capacity to manage performance through the development of skills and competencies of employees (Adhikari, 2008).

The different parameters for creating competitive advantage include cost reduction for cost leadership on the one hand and time, quality, and innovation improvements for differentiation on the other hand (Porter, 1980). The adequacy of a particular business strategy is determined by the environment of the organization or sub-unit. For example, the competitive advantage of an organization that operates in a very dynamic market may be due to fast and efficient product development or excellence in innovation. In other markets, production efficiency that supports cost reduction and cost leadership may result in a competitive advantage. Hence, two main objectives of knowledge management are to increase efficiency and to improve upon innovation. The two KM

strategies differ in their respective KM objectives, KM strategies, and knowledge types. (Hsi and Yun, 2005; Bohmans and Krcmar, 2007)

Recently, firms have started to realize the importance of knowledge management for meaningful KM effectiveness and inter organizational learning for organizational performance. It is found that an organization which is a high quality fit in KM and business activities achieve high KM performance and satisfaction more frequently than those whose quality fit low to either one of the dimensions or both (Sher and Lee, 2004). Effective KM project alone cannot lead to success without the support of business strategy (Asoh, 2004). Likewise, business strategy alone can do nothing without good KM initiatives in attaining organizational performance (Bhatt and Grover, 2005). Therefore, the strategic alignment between KM for managing business activities must be considered for business performance (Asoh, 2004). A scrutiny of literature in the field of knowledge management reveals that knowledge and its management have enhanced the corporate agenda due to the fact that knowledge is a source of competitive advantage and also because of, knowledge management strategies being used to identify where best practices and experts are located in the organization (Davenport and Prusak, 1998). Today, knowledge-intensive corporations, in particular, look upon their employees as knowledge workers (May et. al., 2002). A knowledge worker draws on an internal supply of recent corporate knowledge but he or she also feeds knowledge into the organization. The importance of the business strategy for effective knowledge management (KM) has come to the fore because of this reality. Therefore, a match of business and KM Strategy is an important concern for Bank officers. However, their-efforts do not always yield positive outcome, since not only significant amount of exceptions are ascribed to that business strategy and knowledge management strategy (e.g., Asoh, 2004), but human resource management strategy has been found to be also interdependent (e.g., Shih and Chiang, 2005).

The literature focusing on the environment of banking industries on the subject of managerial skills in every type of organization is extensive. There is overwhelming consensus that business related leadership skill, interpersonal and communication skills as well as vocational and professional skill and functional abilities remain critically important ingredients for success in managing banking industry. However, there is strong evidence of concern among practitioners that an exclusive focus on the

quantitative analysis, functional specialization and calculative rationality of the "bottom line" may not adequately prepare new managers to be adaptive, collaborative and team builders (Stowe et. al., 2010). It is because every business sector will have to seek, hire and retain highly qualified and professional individuals that have a breadth of knowledge of both business and banking institutions in order to remain competitive. For this purpose, organization must recruit, hire and train individuals that possess a multitude of managerial skills (Hurley and Brewer, 1991).

In the last 100 years, technology has blossomed as never before and as a result, managers often encounter a situation that puts stress and strain on their managerial abilities (Griffiths, 2007). Their inexperience and lack of specific knowledge result into a resounding lack of leadership among organizational professionals. Lack of managerial development and skill often leads to employee frustration, disenfranchisement from the organization, and in some cases retention problem is faced by organization specially in service sectors like banks. (Weston, et al., 2008). An essential determinant of organizational performance is managerial skills such as leadership, communication and vocational and professional. Furthermore, both knowledge and strategic orientation in organization for an overall performance are influenced by leadership skill, interpersonal skill and communication skill as well as vocational and professional skills. (Shewchuck, et. al., 2005)

Observe, "The general human resources literature typically refers to competencies through the acronyms SKA or KSA, sometimes defined as skills, knowledge and abilities, or knowledge skills and abilities, competencies have also been referred to as skills knowledge and attitude (or aptitudes) with ability being subsumed under skills". Many managerial roles do not appear to possess proper management qualification of managerial experience in organization. If the organization is to effectively manage the growth of this customer base, a manager needs to posses the requisite skills and abilities to meet the changing business need. (Matheus et. al., 2004). Although the labour (i.e. human resource) shortage have been some speculation surrounding a potential executive leadership shortage. Furthermore, there have been concerns that those in the youthful work force cohorts will be poorly prepared for their new rules (Collins et. al., 2009).

Without formal preparations for managing and responsibilities, coupled with the lack of skills regarding leadership skills, communication skills and vocational and professional skills managers learn by trial and error and end up frequently mishandling employee and organizational issues which cause both the manager and the employee to become discouraged in the workplace, ultimately affecting organizational performance. This affects the management of relationship, the clarity of communication, the ability to create working environment and efficiency of practices. The importance of business strategy for effective KM activities in relation to HR strategy in terms of interpersonal skills relating to communication skills, vocational and professional skills and leadership skills has been considered for organizational performance. Without leadership skills and knowledge implication program, the enterprises will sub-optimize themselves and be vulnerable to potential knowledge loss, for example in the American Nuclear Industry in the U.S. nuclear energy industry. Insufficient communication in the American Nuclear Industry is a well documented managerial problem. Managers must be able to lead in a highly dynamic environment and create an organization where communication effectively flows at all levels, a situation that requires honing in of skills that are not sometimes a skill set not adequately cultivated in managerial positions in Organizations (Adhikari, 2007).

Moreover, owing to the increasing importance of strategic alignment of KM practice to the competitive advantage of the organization in the rapidly changing knowledge based economy source, researcher pay attention to the ownership pattern and its role. Because Ownership type is considered as one of the most important mechanisms to align the strategic knowledge management practice and organizational performance. In addition, as previous research points out the effectiveness of firms strategy and overall its performance depends on their firms environmental situation, policy and internal resources (Su, et.al., 2009; Li, et. al., 2010 and Jiang, et. al., 2013). In the emerging economics like China and India, the institutional transition is far from complete (Gao, et. al., 2010). It must be mentioned that, ownership difference greatly affects firms strategy and performance (Child and TSC, 2001; Peng et. al., 2004; Tan, 2002), for example, Peng et. al., (2004), assert that there are significant differences between ownership patterns such as government owned, private owned and foreign invested in terms of technological ability, market ability, external environment and resource limitation. The differences consequently result in various perceptions of environment,

strategic orientation and business performance. Among the various ownership types, important questions is how ownership structure affects the strategic practice between KM, business strategy and HR strategy and organizational performance in three different groups of Commercial Banks in Nepal.

The CRANET survey conducted for the first time in Nepal in 2004 at 205 different organizations indicated some developments in HR roles and responsibilities. Development of employee and managerial skills such as interpersonal and communication skills, vocational and professional skills is essential for organizational performance in Nepal. Based on the above literature, it is clearly noticeable that the knowledge management (KM) may bring benefits to enhance organizational performance and to sustain organizational competitive advantage in the Nepalese context. The business environment has been rapidly changing rapidly since the 1980s scenario that has thrown open a new set of challenges and opportunities. Changes in the business environment require a new envisioning of business objective and strategies to meet the challenges of the 21st century's needs and demands.

The economic reforms initiated by the government more than one and half decade ago have changed the landscape of several sectors of the Nepalese economy including the banking industry. The banking industry has been vigorously increasing in the country since the introduction of liberalization in the beginning of 1980s and its reform policy in the 1990s. Over the past 20 years, Nepal's banking industry has grown rapidly. In terms of both business volume and assets as well as market. But due to the absence of proper knowledge management practices and decreasing number of banking professionals, there may arise a complex situation which will be difficult to unravel. It is really a frightening scenario as new banks see the light of the day almost each day even in the face of WTO rules injecting stiff competition. Thus, a bank must be sure of its position in the competitive market and confident of its business strategies for defending and gaining current market share under the situation of cut-throat competition. To be able to sustain competition itself in the market, a Nepalese bank must go for quality human resource and knowledge management strategy including its effective application with upgrading capability. These studies indicate the gap of understanding in the area of strategic alignment of KM strategy with business strategy and HR strategy for performance and competitiveness.

As noted above, knowledge management initiatives are unlikely to be successful unless they are integrated with diverse business strategies as well as with the core capabilities of the organization. This study seeks to examine the implementation of knowledge management as the integrated part of an organization which, it argues still remains a gap in Nepal. Additionally, it makes the point that linking the field of knowledge management to the field of corporate activities requires, more empirical research into the organizational contexts in Nepalese.

In Nepal, very little research has been conducted in the field of KM strategic alignment. There is not a single study based on ownership pattern with respect to knowledge management and business strategies in relation to the HRM strategy in terms of skills of the Bank employees in Nepalese Banking Sectors. The study attempt to fill this very gap.

On the basis of above discussion, the specific research questions that arise are:

    (i)   What types of KM strategy are used by Nepalese commercial banks?

    (ii)   What types of business strategy are used by Nepalese commercial banks?

    (iii)   What types of employee skills are needed to facilitate organizational activities in Nepalese commercial banks?

    (iv)   Does ownership pattern matter as strategic practice in Nepalese commercial banks?

    (v)   What is the relationship between business, KM and HR strategy in Nepalese commercial banks?

    (vi)   What is the impact of alignment among business, KM and HR strategies on the organizational performance in Nepalese commercial banks?

    (vii)   What role does ownership pattern plays in order to attain organizational performance in Nepalese commercial banks?

1.3   OBJECTIVES OF THE STUDY

Knowledge management has recently emerged as a new discipline in its own way and, given newness, is probably still in an evolving phase. The aim of this study is to reflect on what the current theoretical and empirical works tells us about the implications of better strategic alignment between business strategy and KM strategy. This study seeks

to explore the role of KM in the organization through strategic relationship between KM and business strategies, the role of KM and its implications for human resources present the greatest challenge to current management practices or not.

Nepalese banking sector is an emerging industry, so it is poised to face competitiveness, and compelled to strive toward the modernization of corporate activities. Nepalese Banking Industry focuses are on how well they can use their resources. But in Nepalese organization, the use of KM for organizational competitiveness is still in an initial phase. This is because the organization has neither the clear model of KM strategies nor does it clearly use the appropriate mode for strategic integration. This is where the study will be useful for Nepalese Banking Industry. This study also focuses on the role of employee knowledge and skill for facilitating on the firm's performance, as this is where the role of knowledge management strategy and business strategy and its implication for human resource development present the greatest challenge to current managerial practices and performances. Thus, the main goal of this investigation is to examine integration of KM strategy, Business strategy and HRM strategy in Nepalese Banking sector. This research further aims:

1. to assess the existing practice of knowledge management, business and HR strategy in Nepalese Commercial Banking sectors.
2. to investigate the status of knowledge management, business and HR strategy in three different groups of Nepalese Commercial Banking sectors.
3. to examine the alignment among knowledge management strategy, business strategy and HR strategy in Nepalese Commercial Banking Sector.
4. to explore the impact of perceived contribution of alignment between KM strategy, business strategy, and HR strategy on organizational performance.
5. to evaluate the impact of ownership pattern on organizational performance.

1.4 THEORETICAL FRAMEWORK AND HYPOTHESIS

In this study, the conceptual model focuses on the terminology of fit and its related perspective in which multiple variables are united to examine the performance implication of alignment. Various trends of KM research regarding integrated investigation of various strategies of the organization are sparse not only but also mutually exclusive. Additionally, few studies have the performance implication of strategic alignment in a holistic way. This research, therefore tries to make a contribution to the academician and practitioners of knowledge management strategic alignment by pursuing several organizational objectives (i.e. Nepalese commercial banking industry) and by using the multiple perspectives of fit among KM strategy, business strategy and HR strategy in terms of interpersonal and communication skills, leadership skills and vocational and professional skills on organizational performance.

In the current situation, every type of organizations has come to realize that knowledge management is a valuable instrument in improving performance through the alignment of people, process and technology, an action that focuses on leveraging corporate knowledge and operations. The model, moreover, is aimed at measuring the contributions of knowledge management practices in relation for business and HR strategies to organizational performance in Commercial Banks in Nepal. An empirical study needs to be underpinned by theories so that the hypothesis can be established and the rationale can be given for testing, interpreting and summarizing the research result. Based on this theoretical mode, the research involves literature review of the general principles and practices of strategic perspective of knowledge management, business strategy and HR strategy in terms of the human perspective of basic skills. The research model and hypothesis of the present research to be discussed in the following sections are based on terms and constructs …. literature review.

In the strategic management literature, the knowledge-based view of the firm shifts the focus on the resource knowledge and proposes that knowledge is one of the most important resources in creating and sustainable competitive advantage (Kogut and Zander, 1992). In addition, it suggests that a successful firm's strategy and structure must be favorably aligned with its knowledge strategy. Strategic management provides alternative uses for exploring how knowledge is linked to strategy development (Eisen Hardt and Santos, 2001). Scholars have talked about knowledge management, but still the question that remains is how it can be used and how people and organization

properly apply it properly. "The questions from a company representative has its roots in a practical problem experienced by several organizations that are seeking to understand and deploy knowledge management activities have been shown to positively influence business performance or to result in a competitive advantage. Many parameters and their interactions need to be considered for the successful application of knowledge management initiatives in organization. For example, different types of knowledge management strategies and practices were proposed to be adequate for different types of knowledge. However, the selection of a suitable strategy not only depends on the type of knowledge to be shared but also on the organizational environment the organization operates in depending on the business strategy is more or less adequate and result in a positive business performance (Granier, et. al., 2007)

IT strategy these days is replaced by the knowledge strategy with an underlying argument: "Effective and efficient use of organizational knowledge requires the alignment of knowledge strategies with business strategies (Abou-zied, 2003). The study assumes that business strategy or knowledge strategy can be seen as a balancing act between the external domain and internal domain, which contains opportunities/threats and capabilities/arrangements respectively.

The other important resource in the Knowledge Management Strategic Alignment field is done by Asoh (2004). Drawing on Abou-zeids (2003) and His and Yun (2005) Granier et al. (2007) and Yuan Sun and L. Ju (2007) study of KMSA; Empirical work proposes a model where in business strategy and knowledge strategy are co-aligned. The results of these empirical studies indicate that business strategy and knowledge strategy and their alignment indeed play a key role in organizational performance.

Based on the discussion, strategic alignment between business strategy and knowledge management strategy is a critical issue in an organization (Graneir et. at., 2007). However, few studies empirically address the issue of strategic alignment in the KM field. This is what Asoh et al. (2003) call "the missing link in knowledge research". Despite the limitation of research regarding strategy related alignment of KM, some research begins to look at the impact of situational influence of contextual factors on organization. For example: (Yuan Sun and L. Ju, 2007), taking the perspective of contingency theory, consider that the impact of KM process on KM satisfaction is moderated by the nature of sub-unit task being performed.

As the literature review suggests, it is reasonable to expect that in order to facilitate the implementation of KM and achieve corporate objectives, KM strategy should comply with company strategy (Nonaka and Takeuchi, 1996; Nahapiet and Goshal, 1998; Ulrich, 1998). While KM is regarded as a useful tool in implementing company strategy, scholars have not found many theoretical as well as practical studies linking KM strategy with present understanding concerning company strategies in Nepalese Banking Sector.

From the concept of "fit" and the classification of KM strategy as "personalization" versus "codification" (Hansen et. Al., 1999), as discussed in the previous section, scholars opinion that such a classification corresponds well with a well-known business strategy category purported by Porter (1980). Under Porter's famous taxonomy as "cost leadership" and "differentiation" strategies, the former refers to an organization pursuing production efficiency and economy of scale. Companies adopting such a strategy tend to manufacture standardized products to lower unit production cost. In terms of KM strategy, such a company will emphasize the re-utilization of knowledge to lower the cost of providing per piece of information. Such company will invest heavily in installing large scale database and will attract clients with lower charged fees to obtain a larger market share. Under cost leadership strategy, the KM strategy of such firms will look more similar to a "codification KM strategy".

On the other hand, if a company adopts differentiation strategy, it tends to produce differentiated or customized products to satisfy particular customer needs. KM strategy in such firms will emphasize interactions among organizational members. There will also be matching emphasis on the creation of new knowledge. Instead of investing heavily on standardized database infrastructure, such companies will put more emphasis on establishing interpersonal connections; they will also encourage communication as well as brainstorming among organizational members. Such practices resemble "personalization KM Strategy". (Hsi & Yun, 2005)

Moreover, it is critical for business to discern what kinds of skills or capabilities they own and further, how to create the resources that are valuable, rare and difficult to imitate or substitute (Barney, 1986, 1991) Knowledge has been regarded as a significant resource more important than often physical assets (e.g., land, labour and capital, etc.) in the post capitalist society in the new era of complex and rapidly changing environment. Therefore, knowledge management (KM) is considered a

indispensable thing as corporations have found that knowledge in a critical organizational asset and a strategic resource and that it gives a solid platform for competitive advantage. (Sun and Ju., 2007)

Understanding and implementing KM initiative require the development and nurturance of relationship, awareness and, in general, a common ground amongst organizational members. KM is the systematic and explicit management of knowledge related activities, practices, programs and policies within enterprises (Wiig, 2000). This approach views knowledge as a process a complex set of dynamic skills, knowhow, etc. that are constantly changing. This approach tends to view the "knowledge problem as a management issue. Knowledge management is not simply a matter of managing information, KM is essentially a deeply social process, which must take into account human and social factors" (Clarke and Rollo, 2001; Thomas et. al., 2001).

A knowledge management strategy entails consciously helping people share and put knowledge into action by creating access, context, infrastructure, and simultaneously shortening learning cycles. The common goal of knowledge management is to capitalize on knowledge assets to achieve maximum attainable business performance. How can a knowledge management solution become a strategic asset? What should an organization consider before undertaking a knowledge management initiative?

Recently, it was realized that KM is a kind of strategy that delivers the right knowledge to the right person at the right time. It can also help members share information and turn his sharing into activity that improve organizational effectiveness. It can then bring the collective intelligence influence ability into full play using knowledge sharing and further increase the response and innovation abilities of an organization.

Based on the knowledge outlook of organization, there should be internal consistency between strategic actions and organizational practices and systems in each type of knowledge strategy. A firm can enhance its knowledge base and thereby positively affect not only organizational performance base but also organizational performance due to the congruency between HR and KM strategies (Bierly and Daly, 2002). The positive ambience is also created, by the development and effective use of employees skills and competence such as leadership skills, interpersonal and communication skills and professional and vocational skills. (Adhikari, 2008). The basic alignment mechanism is "strategy" and it is assumed that a match between KM and HRM

strategies is a key to effectively, in realize intended strategies. Evidences show that an absence of a proper match may cause organizational inability to realize sufficient value from tangible and intangible resources (Shih and Chiang, 2005). Further, an alignment between HRM and KM strategies is not only a great contribution to potential capabilities of organizational infrastructure but also a significantly positive catalyst to organizational performance. HRM practices also improve employees performance and enhance the company's core competitive advantages and thereby the organizational (Hsi and Yun 2005).

It is clearly noticed that without formal preparation for management and responsibilities as well as lack of skills such as leadership skills, interpersonal and communication skills and vocational and professional skills managers learn by trial and error. This situation results into a frequent mishandling of employee and organizational issues, which cause both managers and the employees to become disappointed at the work place, thereby ultimately affecting organizational performance. The adverse effect has additional beating on the management of relationship, the clarity of communication, the ability to create working environments and excellence in practices (Stowe et. al., 2010)

Literature review on the topic reveals that, enough exceptions are found to indicate that business and knowledge management strategies (Asoh, 2004, Greiner et. al., 2007), as well as human resource strategy in terms of interpersonal and communication skills, leadership skills and vocational and professional skills are interdependent and exert effects on organizational performance (Adhikari, 2007; Stowe et. al., 2010).

The importance of business strategy for effective KM activities in relation to HR strategy in terms of interpersonal skills, communication skills, vocational and professional skills and leadership skills has been considered for organizational performance. (Adhikari, 2007). A knowledge worker depends on an internal supply of recent organizational knowledge, but he or she also feeds knowledge into the organization. So the importance of the business strategy for effective KM activities in relation to HR strategy (in terms of interpersonal skill, vocational skill, communication and leadership skills) has been consider for organizational performance because these skills immediately help create and share knowledge to execute the job effectively and efficiently. A dexterous performance helps contribute to higher performance (Gautam and Davis; 2007).

Therefore, the strategic alignment between KM for managing business activities must be considered for business performance. In other words, it is critical and necessary to choose and manage the right employee's skills for different KM strategies. So it is reasonable to contend that a higher business performance would be achieved if the strategic alignments between KM, business (Asoh, 2004; Hsi and Yun, 2005; Greiner et. al, 2007) and HR strategies in terms of various skills (Stowe et. al., 2010) such as interpersonal skill and communication skills, leadership skills and vocational and professional skills are well conducted and aligned. Consequently, this study assumes that there is something unique in an effective organizations, i.e. KM, business and HRM strategies must be aligned for achieving higher organizational performance.

Based on the above argument, it is reasonable to expect that in order to facilitate the implementation of KM and realize corporate objectives, KM strategy should comply with company strategy (Nonaka and Takeuchi, 1995; Nahapiet and Goshal, 1998; Ulrich, 1998).

The matching of business and KM strategies is an important matter for executives. However, Business and knowledge management strategies (Asoh, 2004), and human resource management strategies in terms of their competencies are interdependent for achieving optimum organizational performance. Therefore, the following conceptual framework for empirical test purpose is proposed:
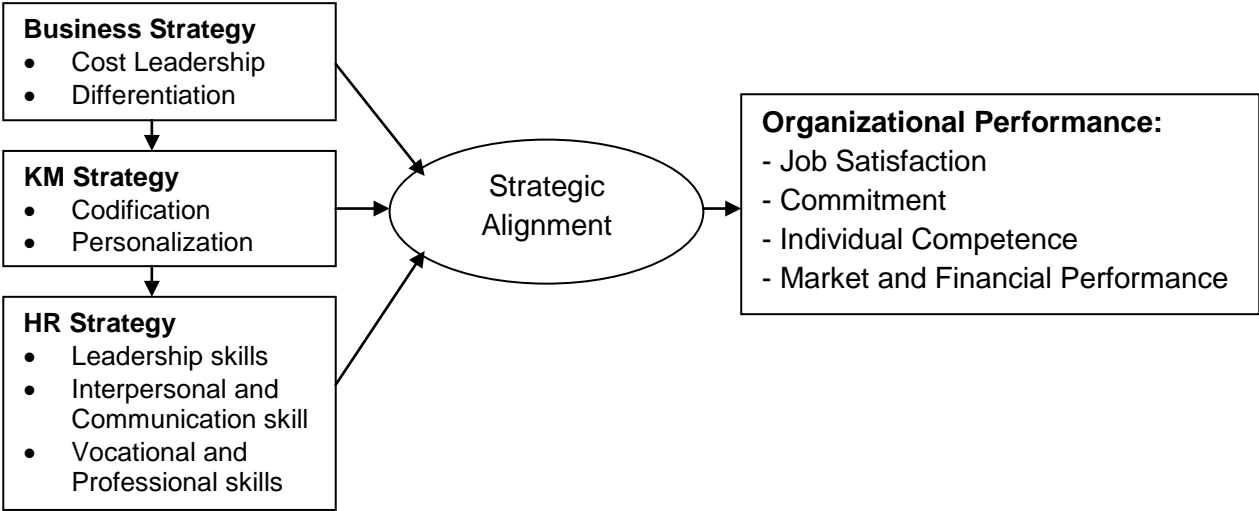

FIGURE 1.1: The Theoretical/Measurement Model

The theoretical/measurement model is proposed to the proper and effective use of knowledge to drive long term competitive advantage could be only achieved by using a holistic approach that includes KM, business and HR strategies based on human factors and organizational system. In addition, the proposed model mainly examines the strategic alignment between KM and business strategies and of the strategic alignment between KM and HR strategies in Nepalese commercial banking sectors. Strategic alignment among three components such as KM, business and HR strategies have remained a difficult task and a challenging area of research in the banking industry in Nepal. The model, moreover, is aimed to measure the contribution of alignment among KM, business and HR strategies to organizational performance. Finally, organization performance is identified by job satisfaction, commitment, individual competence and market and financial performances. Therefore, the following hypothesis is proposed:

H1:   *There is positive a relationship between KM and business strategies.*

H2:   *There is a positive relationship between KM codification and business cost leadership strategies*

H3:   *There is a positive relationship between KM codification and business differentiation strategy.*

H4:   *There is a positive relationship between differentiation and KM personalization strategy.*

H5:   *There is a positive relationship between KM personalization and cost leadership strategy.*

H6:   *There is a positive relationship between KM and HR Strategies.*

H7:   *There is a positive relationship between KM codification strategy and HR leadership skills, interpersonal and communication skills and professional and vocational skills.*

H8:   *There is a positive relationship among KM personalization and HR Leadership skills, interpersonal and communication skills and Professional and Vocational skills.*

H9:   *There is a positive relationship between KM, business and HR strategies.*

H10:   There is a positive relationship between KM, business and HR strategies has a positive impact on firm's performance, measurable in a job satisfaction, commitment, individual competence and market and financial performance.

Business strategy has been defined in terms of cost leadership and differentiation strategies as follows:

Cost Leadership Strategy: "Cost leadership strategy" refers to an organization pursuing production efficiency and economy of scale. It aims at lowering cost and promoting efficiency, as well as strict control, emphasizing efficient way of operation, and simplifying and standardizing operating process etc (Portor, 1983; Hansen et. al.,1999; Hsi and Yun, 2005; Granier et. al., 2007).

Differentiation Strategy: "Differentiation strategy" is used with reference to the production of it underscores the importance of innovation, responsiveness, and marketing ability. It places a high premium and quality in product development. It also attaches priority to dispending quality service to the customers.

Knowledge management strategy has been defined in terms of codification and personalization strategies as follows:

Codification Strategy: Explicit knowledge refers to the information that can be transformed in a systematized and standardized manner. Therefore, the management of explicit knowledge is also called "Codification Knowledge Management Strategy" (Hansen et al; 1999). Companies adopting such a strategy as to document useful information in large scale database. This strategy allows for a reutilizing of knowledge to lower the cost of providing per item of information. It also emphasizes the reuse of knowledge, and interpersonal connection between employees (Hsi and Yun, 2005; Mereno, 2007).

Personalization Strategy: Tacit knowledge exists within individuals. It is cooperatively more difficult to formalize and cannot be expressed in a standardized and systematic manner. The management of tacit knowledge is also called "Personalization Strategy" (Hansen et al; 1999). Under this strategy, offer specialized products or service to satisfy specific customer needs, tacit knowledge and emphasize interactions among organizational members (Hsi and Yun, 2005; Mereno, 2007).

HR Strategy has been defined in terms of leadership skills, interpersonal and communication skills and professional and vocational skills as follows:

Leadership Skill: Leadership skill is the ability to motivate a group of people toward a common goal. Leaders should be able to protect corporate culture that contributes to organizational performance. They should be good enough in all cognitive, affective and activities capabilities (Adhikari, 2008; Stowe et. al., 2010).

Interpersonal and Communication skills: Interpersonal communication skills are the tools which we use to let others know what we think, feel, need and want. These skills are also the means by which we let others know that we understand what they think, feel, need and want. Interpersonal skills play leadership and liaison roles. Better inter-personal and communication skills of people help supervise the work being done, evaluate the performance and develop the employment relations (Adhikari, 2008; Stowe et. al., 2010).

Professional and Vocation Skills: Professional and vocational skills develop over time and are refined and continuously improved through working in the professional field (i.e.- specific job oriented). People at work have to act professionally. Similarly doctors, nurses and layers, managers are also professionals. They should have good knowledge of work and its environment. Vocational skills immediately help in the discharging of duties. In the absence of professional and vocational skills, managers face problems in implementing their business strategy and product or service development ideas (Adhikari, 2008; Stowe et. al., 2010).

Organizational Performance:

The term "organizational performance" is mostly used to refer to dependent variable in the field of research from organizational perspectives. An organization is overall performance can be classified into financial and non-financial performance. This study basically focuses on non-financial perceptual measurement of organizational performance. The perception of organizational performance has been linked to important employee outcome relative to other firm's in its industry. Therefore, organizational performance includes four items used to measure job satisfaction, commitment, individual competence and market and financial performance.

1.5   SIGNIFICANCE OF THE STUDY

The justification of the study is that in Nepal there is a growing need in the service sector specially in banks to manage explosive amounts of information and knowledge in an effective way. Knowledge management strategy that has relation with business and HR strategies in terms of various skills for organizational performance have been challenging areas of research.

While managing knowledge in an organization, it is very important to have a knowledge management strategy that is well-understood by all employees. Because from the perspective of dynamic business environment, organizations these days mostly look at human resources as a valuable asset that can provide long-term competitive advantages. People are viewed as knowledge workers and as the most important resources to an organization. Organization should think HR strategy as an important tool for integrating and developing competences inside organization and for fit employment capabilities with their business strategy and investigate how various combinations of capabilities can contribute to organizational performance. So it is believed that an organization which has focus on fit in KM, business and HR strategies can help achieve competitive advantage.

This study is one of the first to find empirical support for the role of knowledge management within in Nepalese banking organizations. Many studies of strategic alignment practices in the field of knowledge management related to banking sectors have been conducted in developed countries. No doubt, the importance of strategic alignment in the field of KM is equally significant to all types of organization and it is no exception to Nepal. In this regard, there is hardly any research that has been conducted in the area strategic alignment between KM, business and HRM strategies in terms of skills with regard to Nepalese banking sectors. This research work is basically concerned with employee skills (interpersonal skill and communication skills, leadership skills and vocational and professional skills) which will further facilitate the relationship among KM, business and HRM strategies on a bank's performance. Knowledge management (KM) as a concept has been around since the early 1990s at least, when the large consulting firms like Andersen Consulting and Ernst and Young began committing major resources to the implementation of KM practices and technologies. The idea was to develop innovative ways to leverage the collective

knowledge of their vast organizations; then, having undergone the process themselves, to help other companies do the same. The KM trend began to pick up some momentum in the mid 1990s, getting coverage in the trade press, at industry conferences, and in business and academic fields.

Knowledge management has recently emerged as a new discipline in its own right and, given its newness, is probably still developing its theoretical home. In this study, an enhanced understanding of knowledge management will be provided by revisiting the works of Penrose (1959) and Nelson and Winter (1982). In doing so, this study will argue that although knowledge in itself is a resource, the effective management of knowledge enables those within the firm to extract more from all resources available to it. Further, knowledge management plays an important supporting function by providing a coordinating mechanism to enhance the conversion of resources into capabilities through strategic alignment between KM and business strategies Hsi and Yun (2005); Merono, (2007) as well as HR strategy in terms of employees skills. Thus, knowledge management is important in Nepal not only for ensuring that knowledge is effectively managed but also for ensuring that benefits from other resources are appropriated (Daroach, 2003). Interest in the effective management of knowledge to achieve goals such as innovation is reflected in a rapidly growing literature (e.g. Brand, 1998; Carneiro, 2000). Yet, few studies report empirical tests of this link, the exception being those relating a market orientation to the innovativeness of a firm. Effective knowledge management also enables a firm to make good use of knowledge and other tangible and intangible resources. A firm that exhibits a greater number of knowledge-management behaviors and practices is likely to have a distinctive capability in knowledge management, that is, a knowledge-management orientation (Asoh, 2004). Thus, this study focuses on how an alignment of KM, Business and HR strategies positively tells upon impacts on organizational performance. Therefore this study provides support for the importance of strategic alignment among business, KM and HR strategies for firm performance in Nepalese Banking organization.

1.6   LIMITATIONS OF THE STUDY

This study is not free from limitations even though, it could be said that the findings of the present research work contribute towards the answers for the research questions. However, the major findings have to be considered in the light of the research study's

inherent limitations. There are some limitations which obtain in due to the research methodology adopted because this research is based on the opinion of the respondents, so result of the investigation may vary with the passing of time. This study is based on survey. The primary data were collected thorough Likert type of scale rating from 1 to 5 which may not necessarily capture the ratio characteristics of data. Therefore, this might be considered as one of the major limitations. In the context of Nepal, data security is acute updated and complete data are limited due to the manual data management system. There is less amount of automated data bank available in Nepal.

Another limitation that obtains in is could be due to the selection of organization adopted in this study. The organizational impact of KM initiatives may not have been fully realized unless the KM had been implemented well before the study. This is because in Nepal, banking industry is an emerging sector. So, it is leaning toward competitiveness and toward the modernization of corporate activities. Their focuses are on how well they can use their resources. But in Nepalese organization, the use of KM for organization performance is still in transition and in initial phase because neither the organization has the clear model of KM strategies nor can they clearly use the appropriate model for strategic alignment approaches.

In addition, the KM alignment among knowledge management, business and HR strategies could have been made more explicit and they could have made a larger contribution to the organizational performance, if there had been distinctive roles for the top level officers. Further research could employ a more qualitative approach, for example, longitudinal study or case method. This would help to know in a better way the operation and the rationale of the decision making processes and the operation procedures in the Nepalese commercial banking industry.

Another limitation of the study relates to the factors in connection with the present research model. As the study is conducted in the area of Nepalese banking sectors, the proposed research framework should consider other important factors relating to the organizational as well as national cultural, technological, and environmental that might differentiate this country from other parts of the world.

Thus, the absence of investigation into such factors may affect the result of this study and this is one of the major limitations of the study. Similarly, the next limitation of this

study is that there are many factors related to HR skills measurement but among them only three factors of basic skills (i.e. leadership skills, interpersonal and communication skills and professional and vocational skills) are considered in this proposed framework and this may affect the study related to its findings and results.

1.7   CHAPTER SCHEME

This study is organized into nine chapters. After the background information and review of relevant literature, the first chapter is the introduction and it provides a discussion of the research problems, objectives, theoretical framework and hypothesis, significance and finally limitation of the present study. This chapter also describes the research gap that exists in KM strategic alignment and its relationship with organizational performance.

Chapter Two presents the literature of concepts and constructs related to the theoretical model of this study. This chapter also describes the research gap that exists in the perspective strategic alignment among KM, business and HR strategies and its relationship with organizational performance.

Chapter Three describes research design and methodology as well as statistical tools used for the data, interpretation, and respondents' views. Moreover, this chapter talks about the process of data collection used to test the research hypothesis. In addition, it describes the methodology in which the constructs in the theoretical/measurement mode are executed and it also explains how the variable of each construct are selected towards to developing a homogeneous scale with relatively high reliability and validity. Finally, this chapter provides information about the methodology; which has been utilized in this research work.

Chapter Four describes the existing practices of KM, business and HR Strategies in terms of three basic skills. (i.e. leadership skills, interpersonal and communication skills and professional and vocational skills) in Nepalese commercial banks. This chapter also provides the descriptive analysis of the result is discussed.

Chapter Five presents the position of KM, BS and HR strategies in three categories of Nepalese commercial banks based on ownership pattern.

Similarly, Chapter Six examines the alignment model of KM with BS and HRS and find out whether the relationship between KM, BS and HR strategies exist or not in three categories of Nepalese banking sectors.

Chapter Seven analyze and explore the perceived contribution of alignment between KM, business and HR strategies and its relationship with organizational performance.

Chapter Eight describes and compares the ownership patterns and their impact on organizational performance in there categories of Nepalese banking industry.

Finally, Chapter Nine presents and covers the summary, conclusion and major findings of the study, and based on the major findings, suggestion for future research is discussed for academic and managerial perspectives.

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              │    Introductory     │
              │   Chapter First     │
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              ┌─────────────────────────────┐
              │ Review of Literature and     │
              │ Research Gap                 │
              │ Chapter Two                  │
              └─────────────────────────────┘
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              │   Research Methodology       │
              │   Chapter Three              │
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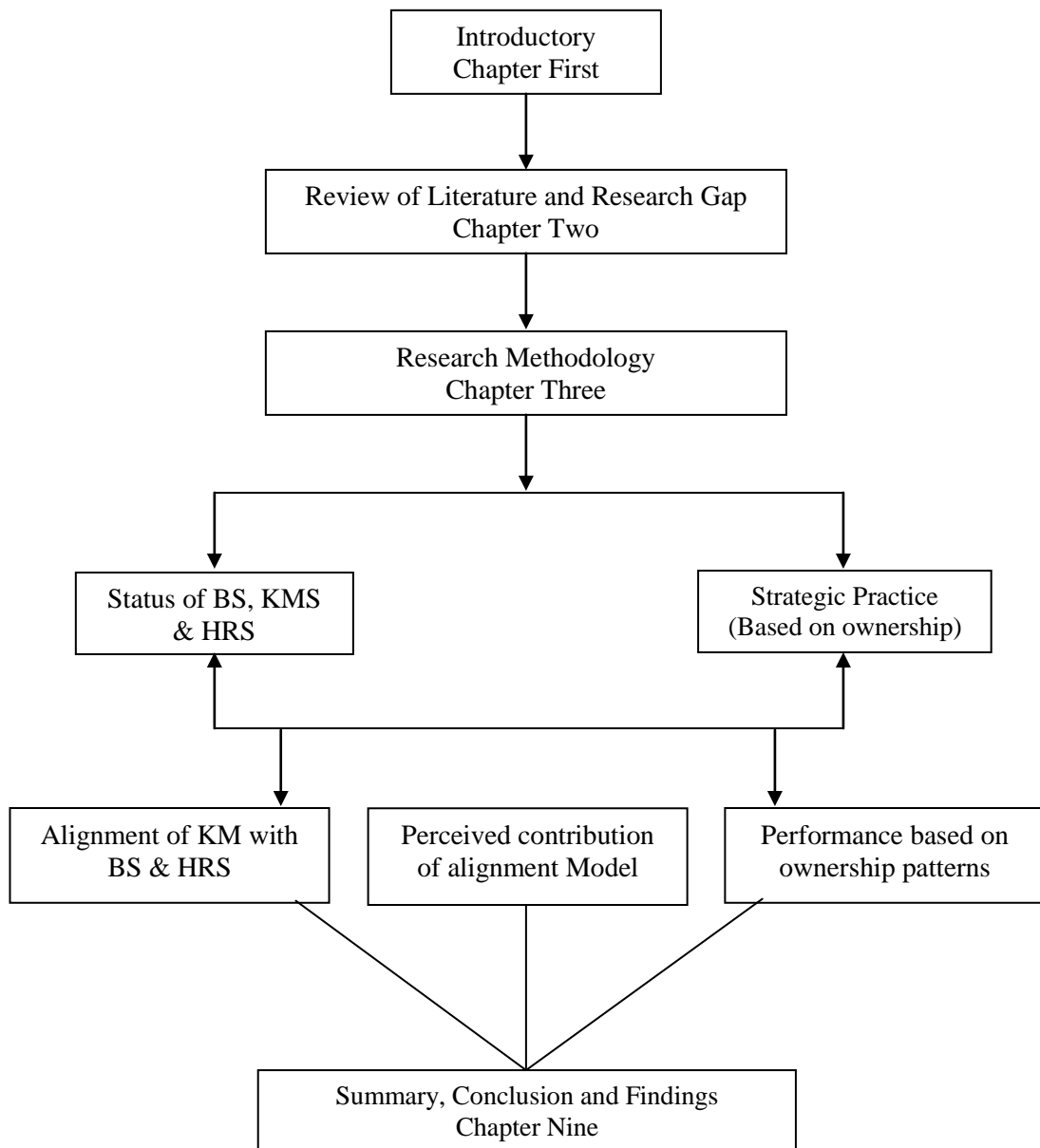

FIGURE 1.2: Shows the overview of the chapter in this study.

CHAPTER TWO

2.1 INTRODUCTION

2.1.1 Conceptualization of Knowledge

An intense pace of globalized market competition, consumer's awareness and technological innovations have made the market place highly competitive. For this matter, the importance of the knowledge management practice to gain competitive advantage has been noticed. So, an alignment between an organization's objectives and knowledge management practices should be established in order for the organization to capitalize on its knowledge assets and to drive organizational outcomes. Consequently, a fit or alignment of KM and business strategies that is consistent with HR practice in terms of interpersonal and communication skills, leadership skills and vocational and professional skills are the key to achieve higher performance. The organization should adopt a holistic approach for knowledge management that can be shared across the organization in different contexts.

Managing knowledge is always a very challenging task before any HR professional and organization. Attitudes skills and knowledge (ASK) are core efficiency that leads to productivity, it is also ABC which is awareness, belonginess and commitment Most definitions and explanations of knowledge seem to cover the same vocabulary, concepts and words rather than a standard definition.

Knowledge is a complex concept that attracts many philosophers, researchers of other disciplines, and practitioners. Different typologies have been developed (Alavi and Leidner, 2001) and the only consensus seems to be the notion that knowledge is more than just mere data and information. Data can be considered as the basis for creating information and knowledge. "Data is a set of discrete, objective facts about events" (Davenport and Prusak, 1998). They are presented by characters and can be produced, codified, and distributed without a reference to the context or person (Rehaeuser and Krcmar, 1996). In contrast to data, information refers to a context (Rehaeuser and Krcmar, 1996). Information can be understood by the recipient and has meaning to the recipient (Augustin, 1990; Nonaka and Takeuchi, 1995). Knowledge emerges from the processing of the perceived information and contextualization of a person. The argumentation shows that knowledge can only exist in the context of person and his

beliefs and experience (Nonaka and Takeuchi, 1995). "Knowledge is fluid mix of framed experience, values, contextual information and expert insight that provides a framework for evaluating and incorporating new experiences and information" (Davenport and Prusak, 1998). Thus, knowledge can also be defined as the ability of persons to evaluate information and act efficiently (Sveiby, 1998). Knowledge can provide added value if it results in actions and decisions (O'Dell and Grayson, 1998)

Knowledge can be distinguished in two different types – tacit and explicit knowledge (Polanyi, 1966). Tacit knowledge is the personal and context-specific knowledge of a person. It is bound to the person and is thus difficult to formalize and communicate (Nonaka and Takeuchi, 1995). Consequently, it is not possible to separate, store and distribute the whole knowledge of somebody (Davenport and Donald, 1999; Polanyi, 1966). Explicit knowledge in contrast can be codified, collect, stored, and disseminated. It is not bound to a person and has primarily the character of data. The words "explicit and tacit" can be misleading because they imply that they are exclusive. However, explicit knowledge is "grounded" in tacit knowledge (Nonaka and Takeuchi, 1995). It is the part of tacit knowledge that can be expressed verbally and does not represent the entire body of knowledge (Nonaka and Takeuchi, 1995).

The emergence of knowledge-intensive society has changed the nature of business competition. Knowledge management becomes an important managerial task and formulating a sound innovation strategy is an integral part of strategic management.

The last decade has seen an increase in knowledge creation and its burgeoning use Knowledge in organizations. Broadly, this stream of thought suggests that organizations should focus on better utilization of their intellectual capacity by improving knowledge flows among members. The goal is to achieve a competitive advantage via effective knowledge deployment in fact the influence of the dynamic global environment and rapid advances in information technology during the last decade gave rise to the recognition that knowledge is the only resource that can facilitate a sustained competitive advantage (Grant, 1996). Most definitions and explanations of knowledge seem to cover the same vocabulary, concepts and words. Rather than provide a standard definition, the paper addresses the general themes and fundamentals that have become evident in recent years.

- Knowledge goes through a process of sharing tacit to explicit, explicit leverage and explicit back to tacit knowledge.

- Knowledge can be created and tested.

- Knowledge can be distinguished from dated and updated information.

- Explicit knowledge is usually filtered, stored, retrieved and dispersed across the organization.

- A culture that does not foster and reward the sharing of knowledge cannot expect technology to solve its problems (Srinivas, 2000)

With the advent of rapidly changing business environments, managers are now realizing that they need to develop an effective knowledge strategy and provide employees with best available knowledge to support the decision making process.

Data warehousing initiatives, utilizing various dated minimum techniques, have found commonplace in many business infrastructures for supporting the decision making process. However, as the vast majority of knowledge exists in the minds of employees, the quality of support these provide, especially for intensive queries, is somewhat uncertain. Therefore, new systems are required are not only to locating, capturing, storing, sharing and leveraging data and information, but also for knowledge. Therefore, competitive organizations must be able to locate, capture, store share and leverage not only data and information but also the knowledge of the firm. However, if the majority of information needed for decision making which exists in the minds of people employees, a system is needed to capture and codify this knowledge

The meaning of knowledge can be summed up by the following quote from Drucker, (1993): "A company's key to success resides not so much in its work and capital as in the capacity to treat knowledge, corporate knowledge, be it explicit or tacit" (Drucker, 2001) further assets that knowledge is always embodied in a person, created, augmented, or improved by a person; applied by a person; taught and passed by a person; used or misused by a person. The shift to the knowledge society and knowledge economy therefore puts the person in the center (Nelson, 2004)

Hence, based on the above discussion, this researcher has distilled a working definition of the term knowledge which can be used as a guide for this empirical research. This definition is based on the following considerations:

1. Knowledge is a social phenomenon arises from interpretations made by individuals and group of individuals, i.e. knowledge in a social context is constructed.

2. Knowledge is understanding gained through experience or study. It is knowhow or a familiarity with how to do something that enables a person to perform a specialized task.

3. Knowledge contains both elements, content (knowledge) and process (knowhow) and

4. An essential determinant of organizational performance is management competencies i.e. knowledge skills and abilities of employee at all levels of an organization.

2.1.2 Knowledge Management

In the field of knowledge management, result from differences in the understanding about the nature of knowledge is a matter of debate. These differences affect the conceptual understanding of how knowledge should be managed. Thus, it is important to conceptualize the nature of knowledge and to define its role in organization for organizational performance. It is important to know how one defines knowledge and manage it.

In general, there are two broad approaches to knowledge management. One approach focuses on the "hard aspects of knowledge management while the other looks at its "soft" aspects (Mason, 2003). The "hard" aspect of knowledge management looks at the deployment and use of information technologies to enable knowledge management activities to be conducted within the organization (Mason, 2003). Sveiby (1997) argued that the management of information is a crucial factor in knowledge management; whereby he viewed knowledge as objects that could be handled by information technologies. The goal of this "hard" approach to knowledge management is to increase access to knowledge through enhanced methods of access and reuse in hypertext linking, databases and searches (Malhotra, 2000; Tiwana, 2000;).

New information technologies like networks, groupware, data mining and data warehouses are key solutions that drive this approach (Sveiby, 1997; Tiwana, 2000). The "hard" view is based on the idea that voluminous amounts of knowledge harnessed

through technology will make knowledge management work in the organization (Malhotra, 2000; Sveiby, 1997; Tiwana, 2000).

The "soft" aspect, on the other hand, investigates the capture and transformation of knowledge into a corporate asset by the organization (Mason, 2003). This approach views knowledge as a process composed of a complex set of dynamic skills and know-how that is constantly evolving and changing. As such, it views the knowledge problem as being largely a management issue which can be solved via creativity and innovation in the organization resulting in what is termed as a "learning organization" (Mason, 2003)

As opposed to the "hard" view of knowledge management, the 'soft" approach requires a holistic view of the organization and acknowledges that it is necessary to get employees to share what they know to make knowledge management work. More importantly, it stresses that is not the technology which makes knowledge management work; instead, it is the processes and environment that matter most (Mason, 2003). In some ways, knowledge management is about survival in a new business world – world of competition that increases in complexity and uncertainty each day. It is a world that challenges the traditional ways of doing things. The focus is not only on finding the right answers, but also on asking right questions. What worked yesterday may or may not work tomorrow. The focus is on "doing the right thing" rather than "doing things rights" so the core competencies do not become core rigidities in the future. As such, this study specifically examined the "soft" aspects of knowledge management in Nepalese public and private sector commercial banks.

The attention and importance given to the acquisition of knowledge in literature as well as practice increased in the past few years (Alavi and Leidner, 2001). It is argued that knowledge management is a necessity due to changes in the environment such as increasing globalization of competition, speed of information and knowledge aging, dynamics of both product and process innovations, and competition through buyer markets (Picot, 1998). Knowledge management promises to help companies to be faster, more efficient, or more innovative than the competition. Also, the term "management" implies that knowledge management deals with the interactions between the organization and the environment and the ability of the organization to react and act. In the resource-based view of a firm knowledge is regarded as a vital

organizational resource (Barney, 1991). Organizations that are aware of their knowledge resources possess a valuable, unique resource that is difficult to imitate and can be exploited to achieve a sustainable competitive advantage (Alavi and Leidner, 2001). Means to gain, maintain, and leverage the knowledge resource can thus lead to higher levels of success for organizations. Hence, we use the following definition: knowledge management includes all the activities that utilize knowledge to accomplish the organizational objectives in order to face the environmental challenges and stay competitive in the market place (Krcmar, 2007).

Knowledge management as a business activity has two primary aspects:

- Treating the knowledge component of business activities as an explicit concern of business reflected in strategy, policy and practice at all levels of the organization.
- Making a direct connection between an organization's intellectual assets-both explicit (recorded) and tacit (personal know-how) and positive business results. (Rathan, 2007).

The literature has defined KM in a number of ways (Scarborough et al., 1999: Cortada and woods, 1999, 2000; Duke et al. 1999; Bonner, 2000; Malhotra, 2000; among others). For example, Crayonist (1999) suggests that KM "can be viewed as a socio-technically system of tacit and explicit business policies and practices". These are enabled by the strategic integration of information technology tools, business processes, and intellectual, human, and social capital." Wiig (1993) defines KM as "the field of deliberately and systematically analyzing, synthesizing, assessing, and implementing knowledge related changes to attain a set of objectives" Sveiby (1998 describes KM as "the art of creating value from an organization's intangible assets" Sarvary (1999) defines KM as "a business process". Firms create and use their institutional or collective knowledge through the process. Duffy (1999) defines KM as a "process that drives innovation by capitalizing on organization intellect and experience". Saffady (1998) views KM as "the systematic, effective management and utilization of an organization's knowledge resources". Malhotra (1998) states "Knowledge Management caters to the critical issues of organizational adaptation, survival and competence in the face of increasingly discontinuous environmental change. Essentially, it embodies organizational processes that seek a synergistic combination of data and information

processing capacity of information technologies and the creative and innovative capacity of human beings". The American Productivity and Quality Center (1999) views KM as "the strategies and processes of identifying, capturing, and leveraging knowledge to help the firm compete".

Effective management of knowledge is becoming a critical ingredient for organizations seeking to ensure sustainable strategic competitive advantages. So in the knowledge based economy competitiveness is increasingly based upon access to knowledge in the form of skills and capabilities (Jasimuddin, S.M., 2008).

In practical terms, there are three elements of knowledge management. First, the firm should encourage individuals to interact, work together on projects, or share their ideas on an informal basis. Second, systems are needed to codify the knowledge of individuals so that it can be used by others. A key insight from the knowledge management movement is that most valuable knowledge is tacit. It held so deeply by the individual that it is hard to express or write down. If ways can be found for transferring that knowledge to others in the firm, either through personal interaction or by recording it explicitly, then that knowledge becomes an asset of the firm, and a key source of advantage. Third, the firm needs to get access to new knowledge from outside its boundaries, as a means of updating and renewing its knowledge base.
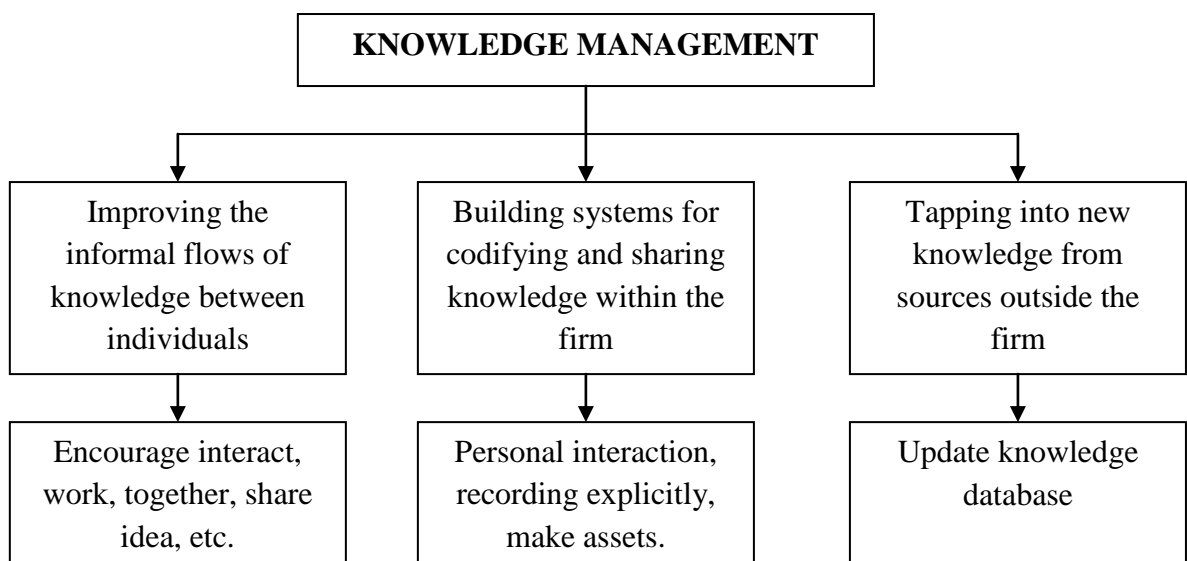

FIGURE 2.1: Elements of KM

Sources: Julian Birkinsh, (2001).

2.1.3 Knowledge Management is a Management Fashion

In the 1990s, the nature of competition changed radically because of increased global connectivity, distributed expertise, and shorter product development cycles and day after day, deploying knowledge management (KM) as a response to these 80% of companies had knowledge management (KM) efforts, 60% expected to use KM enterprise-wide within five years, 25% had a chief knowledge officer, and 21% had a KM strategy after too much attention to knowledge management from companies. It is no surprise that many researchers have investigated enablers for fostering knowledge such as Nonaka, Toyama, & Konno, 2000; O'Dell & Grayson, 1998; Teece, 2000. Typically, these knowledge enablers are categorized from people, organization, process, and system perspectives. Although these enablers are essential for a firm's capability to manage knowledge effectively, it is still unclear how to employ them in a strategic fashion (Choi and Lee, 2002).

Some academicians have criticized knowledge management as nothing more than another management fashion. The academic fields in management are typically applied sciences. Researchers and practitioners consider and apply ideas, concepts, analytical tools, and techniques offered by business schools, management gurus, and consultant firms.

In specific circumstances those ideas, concepts, tools, and techniques are successfully promoted by management fashion setters to the extent that a temporary collective belief emerges, which is adopted by the organizational practice and perceived as rational management progress (Abrahamson, 1996). This collective belief however lasts only temporarily and the lifecycle of management fashions can be observed by the number of publications, which takes a bell-shaped curve over a comparable short period with a steep rise in the number of publications in the early phase of interest. During the last decades several paradigms have emerged and disappeared, which met the characteristics of a management fashion (Abrahamson and Fairchild 1999). Prominent examples were total quality management (TQM) and business process reengineering (BPR). TQM was based on the notion that firms should apply techniques and procedures to systematically reduce and eliminate variations in their production process and service delivery systems to improve product quality and enhance efficiency and reliability of services.

2.2   KNOWLEDGE MANAGEMENT IN THE CONTEXT OF BANKING INDUSTRIES

To compete and become successful in their own area, organizations must now learn to manage their tangible and intangible assets in a highly demanding business world today, an organizations competitive edge almost wholly or fully depends on how will it can manage and deploy its corporate assets (i.e. tangible and intangible). The globalization of financial markets forced bankers to be knowledge based and be more efficient the knowledge in their banking operations. Because, the continuous change in market expectations and the demands for new products and services have been gradually replacing the capital and labour intensive firms by knowledge intensive firm and routine work by knowledge workers.

Knowledge is the main element that inspired the knowledge management initiative in a sector. The knowledge based society worker and economy or knowledge-based era forced the banking institutions, to put knowledge as one of the main competitive relevant to banking institution although "it gets together in financial landscape because it is such a knowledge oriented environment" (Devenport, 1998; ISIS, 2002).

Research in the field of banking has in the past focused traditional theoretical concepts to explain the existence and role of the banking firm. Theories of the banking firm in earlier studies have emphasized the impremediary function performed by banks in the saving and investment process and their role as provider of liquidity. Banks have been considered a special type of organization relative to industrial firms in the real economy (Mathews and Thomson, 2005).

Early research in banking paid little attention to the question why the banking firm exist and what are the source of its competitive advantage are Prior to the liberalization of financial systems, banks were subject to strict regulations, introduced by many countries in the aftermath of the great depression. These regulations attempted to regain financial system stability and to reestablish public confidence in banks (Vives, 2001). Regulated deposit and loan interest rates as well as restrictions on market entry and branching ensured a low competitive environment (Stiroh and Strahan, 2003) and limited the business activities of banks to an intermediary function. Based on predefined market condition set by regulatory authorities, banks acquired surplus funds

in the form of saving form households and enterprises, transformed these funds into loans for investors, and provided payment services (Hester, 2002). However, they have been recently criticized as insufficient (Scholten and Van wens Vech, 2003) in explaining the role and in particular the competitive behavior of banks in today's liberalized market place.

The liberalization of financial systems during the last quarter of the 20[th]century had a profound impact on the role of banks and the way banks conduct their business. Many countries have deregulated their banking and financial markets. Banking restrictions on interest rates, branching and barriers to market entry were among others gradually uplifted. These measure have stimulated competition in financial systems, in particular among banks and other financial service providers (Llewellyn, 1999).

Globalization of banking markets, supported by advancements in information technology has further intensified competition. Sophisticated electronic services and deliver channels such as ATM, EFTPOs, Phone and Internet banking have further increased the reach to customers beyond traditional brick and mortar branch networks and with it increased competition among banks (Harker and Zenios, 2000). Many banks offer insurance as well as wealth and fund management products and services (Heffernan, 2005). Demand for high yield investments has accelerated product and service innovations (Claessens, Glacssner and Klingebief, 2002). Bank customers can choose from a broad range of financial products offered by banks and other financial service providers. Banks engage actively in capital market transactions and manage various types of financial risks for their customers. In particular banks have increased their share in the derivative markets have grown rapidly (Heffeman, 2005); Wolfgang, 2009). At the same time, financial markets such bond and equity have grown rapidly, competing with financial intermediaries in the process of allocation of funds between fund providers and fund seekers (Llewellyn, 2006 cited in Wolfgang, 2009).

Alternative concepts have emerged in the literature, which emphasize on banks as distributors of financial products and services or risk management (Allen and Santomero, 1998; Scholten and Van Wensveen, 2003) in explaining the role of the banking firms in liberalized markets. Knowledge has been identified as the key input factor in the production of goods and services and a new paradigm has emerged

suggesting that many economics transform from as production to sa economy to a knowledge economy (Powell and Snellman, 2004).

As mentioned above, a perusal of existing literature has repeatedly reveals a discussion of a number of key attributes (OECD, 1996); David & Foray 2001, Powell & Snellman, 2004; and Wolfang, 2009) in an attempt to characterize knowledge economies. These key attributes are:

- Knowledge economies rely on the use and creation of knowledge as an input factor in the production of goods and services. The economic output of these activities carries physical evidence of applied intellectual capabilities.
- Knowledge creation and innovation are key to leveraging productivity and economic growth. Knowledge economies invest in research, demand a skilled workforce and hence increase their spending in education and training.
- Knowledge economies emphasize on communication, learning and exchange of knowledge. Sophisticated information and communication technologies are used to enable the effective and efficient dissemination and deployment of knowledge.
- Knowledge economies demonstrate acceleration of growth based on the intensified use of knowledge in economic activities.

From above attributes it is clearly noticeable that knowledge is used intensively in the production of goods and services. Knowledge economics derive their real attributes or characteristics from the combined activities of their industry. Knowledge intensive industries can consequently be identified by the pressure of the same.

In Nepal, with the restoration of democracy, the growth of banking sector is much better in comparison to other sectors in the country. The government has initiated and major reform policy to promote manufacturing and service sectors and their competitive powers. The introduction of liberalization and its reform policy in 1990s and the new industrial policy 1992 have given an emphasis to deregulation, encouraging competition and placing a reliance on market forces in the allocation of resources. The government has encouraged domestic and foreign investors through measures such as licensing tax facilities, foreign direct investment (FDI) and other institutional arrangements. The government has also made efforts to encourage private

investors to increase investment in the country and to bring in managerial and technical skills modern technology and foreign capital (Adhikari, 2004). Over the past, 20 years, Nepalese banking industries have grown rapidly in terms of both business volume and assets as well as market (Gautam, 2008). In relation to the service sectors, a recent investigation into the transactions of the public sectors banks show how these banks have incurred huge losses due to interferences from the government. The report shows that they are suffering from serious losses due to politics-driven and inept governance, mismanagement and excrementally weak human resource management practice. As far as the productivity of Nepalese banking industries a bank must be sure of its position in the competitive market and of its business strategies for defending and gaining current market share under complex situation. So to be the best and to sustain itself in the market human resource through knowledge management strategy and its effective application with upgrading capability is required. The managers in the Nepalese commercial banks should pay attention to the importance of the different dimensions of knowledge management choices. Different profiles of knowledge strategy too can be adopted in their banks (Chalise, 2012). Nepalese banks, moreover, need to determine different profiles of their organizational strategy based on the human resource that matters the most and then direct the knowledge strategy resource that helps Nepalese banks to sustain their competitive advantage.

2.2.1   Application of Knowledge Management in banking industries.

In literature, knowledge management can be viewed from different perspectives which in turn, produce different interpretations. As knowledge management practices are widely implemented in business, firms and corporate field, there is need for KM in every type of organization for a firm's performance and these are categorized from people, organization, process and system perspective. The KM initiatives are essential for a firm's capability to manage knowledge effectively (Adell, 2008).

As for the importance of application of KM in banking industry, for last 15 years, banks have been actively automating their manual process. More efforts and resources are being employed to make the banking industry successful, because in today's modern banking, information and knowledge are treasured assets. Without proper management information systems, plans, procedures and tools, information has become a very serious but complex problem in many banks to the extent that most of the time

information is regarded as noise. Nonetheless, realizing the important roles knowledge plays in the economy, banks are trying to make it a priority to capture and it and to turn it into organizational knowledge or business intelligence (Ali and Ahmed, 2006). The globalization of financial markets have forced bankers to be knowledge savvy and be more efficient in managing knowledge in their banking operations. In a way the application of KM in the banking industry does not really differ from other industries, but the increasing competition among banks make its implementation quite difficult, according to an international corporation's (DC survey conducted across more than 600 banks in western Europe, only 20% of banks are currently apply a knowledge management principles (Blesio and Molignans, 2000). This trend is actually more prevalent among large banks with greater awareness of the importance of knowledge management. These is also an expectation that knowledge management will become a priority for the banking sectors.

In 1597, Francis Bacon wrote "Knowledge is power". In 1962, at a white house reception honouring Nobel Prize winners, President John F. Kennedy said, "in a time of turbulence and change, it is truer than ever that knowledge is power. Knowledge while difficult to quantify and even more difficult to manage is a strategic corporate asset. The best way to achieve competence in the global market is through planning and upgrading core competencies. Not only will the knowledge economy change the experience of the workers, but organizations and countries must also rethink their economic strategies. "How well an individual, an organization, an industry, a country does in acquiring and applying knowledge will become the key competitive factor (Halwi et. al., 2006)

An organization managing knowledge well has the potential to create significant value, but only if it is linked to its overall strategy and strategic decisions. KM is the latest strategy in increasing organizational competitiveness. Stephen Denning's story about the World Bank. He tells how a large, bureaucratic organization took knowledge and its use seriously and changed its entire strategy. This new strategy shift going from a financial organization to a knowledge organization is an excellent example of the changes that are sweeping the world, when a knowledge-based view takes hold (Ruggles, 1998).

This scenario, however, has changed. More efforts and resources are employed to make it successful for in today's modern banking, information and knowledge are treasured assets. The Governor of Bank Negara, Malaysia, paraphrased this importance during the official launch of the "Towards a Knowledge-Based Organization" programme in October 2000:

"If we are to be a central bank, with farsightedness and an ability to face new challenges, we need to be equipped with the expertise and the means to implement appropriate policies, and have confidence in our actions. An important component of this future is that the Bank must fully embrace and employ the principles of knowledge management. Whilst the principal objectives of the central bank remain unchanged, the new knowledge management strategies refocus the Bank's policies and practices in managing knowledge as a key corporate asset, and in leveraging and exploiting knowledge to better achieve these objectives".

Therefore, banks have realized the crucial role of KM in gaining an edge in this competitive field but there have been laggards in the adoption of knowledge management usually due to wait and see attitude of some organizations

Based on the literature review, the there are several examples of knowledge management applications having been successfully implemented in banking sectors such as:

- World Bank is one of the important players of KM application. According to it, KM is the latest strategy in increasing organizational competitiveness. Relevant knowhow is made able so that identified could then be captured and created into the knowledge base, thereby making it was accessible to all staff. Relevant part of the system are now becoming attainable externally, so that clients, partners, and stakeholders around the world will be able to have access to the knowhow of the organizations. For example, when an Indonesian official needed to know the international experience on private sector involvement in vocational training through the help of the human development networks, the relevant task team leader was able to give to the official within a short time frame a comprehensive analysis of the international knowledge and experience (Ali and Ahmad, 2006).

- When Swedish insurance giant Skandia expanded its points of sale from 5,000 to 50,000 in less than five years, senior management began looking for a more effective and efficient manner of transferring knowledge and increasing its use throughout its global operations. It has leveraged internal know-how to dramatically reduce start up time for new ventures to seven methods, compared to an industry average of seven years (Ali and Ahmad, 2006).

- Bank of Montreal (BMO) is the oldest bank in Canada. It is also the largest bank in that country with sales of $US 12.23 billion. In 2000 (Dzinkowski, 2001), BMO was a leader in customer centric knowledge-based solution. This bank wanted to change the status of the traditional knowledge discovery life cycle and capture the potential benefits of improving the efficiency of turning models into production. As a result, during 2000/2001 the bank of Montreal participated in a multimillion dollar project that would help make the knowledge discovery process more economical, error-free and faster.

- Deutsche Bank is the biggest Euro Zone bank and the world's second largest bank (Dzinkowski, 2001). Deutche Bank has embraced the strategy of continuous, concentrated corporate learning and intellectual capital branding through its creation of the Deutsche Bank University (DBU). DBU is in initial stage of development and to a large degree follows the thinking of what are recognized by industry experts as best practices in developing a corporate university as an umbrella organization for learning.

- Tiger Bank is the largest commercial bank in Malaysia, and it has adopted, the knowledge management process. According to the findings of Ali and Ahmad (2006), one of the environmental factors that compelled the bank to go in for knowledge management were (i) the need to maintain customer knowledge (customer relation management - CRM) (ii) competitive intelligence, and (iii) service knowledge. Thus, the knowledge management initiatives was found important to maintain the bank's competitive edge as well as its proprietary knowledge.

In brief, a high performance organization pursues, its goals in changing environment by adapting and enhancing its behavior according to what it knows about itself and the world in which it needs to succeed. It is, therefore, a learning organization that is skilled at creating, acquiring, organizing, and sharing knowledge. Today's organization

can be characterized as "fragmented" in this sense. There are extremely large volumes of knowledge dispersed in organizations with an ever increasing size. Accompanied with mergers, acquisitions and alliances, banks are becoming more and more diversified in the types of businesses they operate. Therefore, competitive advantage can only be sustained by continuously improving the knowledge and expertise of the employees and by motivating and empowering them at different levels to use their knowledge for pursuing the strategic objectives, of the banking industries.

2.2.2   Benefits of Knowledge Management

With greater awareness of the importance of knowledge management, to compete and become successful in their own context organizations must know how learn to manage their intangible asset, that is "knowledge" and this practice is generally known as knowledge management. This is shown by an increasing number of organizations giving more emphasis to their intangible assets, which was mostly left idle, unexplored and unmanaged (Vorbeck et. al., 2001). KM is the concept in which an enterprise consciously and comprehensively gathers, organizes, shares and analyzes its knowledge interm of resources, documents and people skills (Lyons, 2000).

Traditionally, tangible assets like plant, equipment, inventory and financial capital are consider the most fundamental corporate assets. Intangible assets play a very little or vague role in any organization, regardless from which industry it comes from (Martin & Schutt, 2001). Generally, many organizations until today still downplay the importance of their intangible assets. However, despite managing and giving prime focus to all their tangible assets, organizations are still finding it very hard to gain the advantage to beat their competitors. The emergence of this "knowledge era" is radically changing what creates value in organizations (Carlisle, 2002). Therefore, knowledge management is how becoming an undeniably important component in an organizations intangible assets. The continuous change in market expectations and the demand for new products have been gradually replacing the capital and labor-intensive firms by knowledge workers. Knowledge is the main element that inspires the knowledge management initiatives in any sectors. The knowledge dominated era has forced the banking institution, to embrace knowledge as one of the main competitive advantages. The issues discussed in corporation are somehow relevant to banking institutions,

although "it gets together in financial landscape become it is such a knowledge oriented environment" (Davenport, 1998; ISIS, 2002).

KM is about more than the management of hardware and software and solving problems of in a user friendly manner. It is also concerned with making the best possible use of the creativity and expertise of people and the effective management of dynamic social process which generate and exploit a wide range of differing types of knowledge (Carlisle, 2002).

In the 1990's, the nature of competition changed radically because of increased global connectivity, distributed expertise and shorter product development cycles thereyby making the deployment of knowledge management (KM) as a response to these changes a dite necessity. A recent survey of senior executives of 159 companies reveals that 80% of companies had knowledge management (KM) efforts, 60% expected to use KM enterprise wide within five years, 25% had a chief knowledge officer and 21% had a KM strategy. After too much attention to knowledge management from companies, it is no surprise that many researchers have investigated knowledge management's role in organization (Nonaka et. al., 2000; O'Dell & Grayson, 1998; Teece, 2000). Therefore, there is need for KM in every types of organization for strong performance (Adell, 2008).

Thus, knowledge management has come to be considered as valuable as valuable striegic assets that can provide proprietary competitive advantages and agility for any companies (Adell, 2004). In an organizational setting, benefits can occur at two levels: individual and organization (Cong and Pandeya, 2003). At the individual level, KM provides employees with opportunities to enhance skills and experience by working together and sharing other people knowledge and learn from one another, thereby improving personal performance, which leads to better career advancement. KM has been implemented and practiced in both public and private sectors and many benefits have been claimed in the literature. However, only key benefits of knowledge management at the individual level and organizational level are addressed in this research work.

a. Use of KM in an organization facilities the organizational functions. KM helps it to determine how to utilize knowledge resources as capabilities (Choi and Lee, 2002; Hansen et. al., 1999)

b. An effective use of KM vastly improves an organization's overall performance through the qualitative thrust it exerts on innovativeness, collaborativeness and the efficiency of decision-making which, in turn, efficaciously tell upon productivity (Ali and Ahmad, 2006).

c. Increasing the financial value of the organization by treating people's knowledge as an asset similar to traditional assets like inventory and capital facilities.

d. KM provides employees with opportunities to enhance skills and experience by working together and sharing. They learn with each others knowledge, skills and experiences, thereby improving personal and organizational performance (Cong and Pandey, 2003)

2.3 KNOWLEDGE AS STRATEGIC RESOURCES

In the dynamic business environment, it is critical to discern what skills or capabilities they own and, further, how to create valuable, rare and difficult-to-imitate or difficult-to-substitute resources (Barney, 1986;1991). In this context, integrating firms' various kinds of advantage-giving weapons that are costly to copy into one whole is seen as the fundamental driver of performance (Barney, 1991; Schulze, 1992).

Drucker (1993) argues that knowledge is a significant resource, more important than other assets (e.g., land, capital and labour) in the post-capitalist society. He also indicates that with the growth of knowledge work in the developed economics, the proportion of knowledge workers in the workforce is increasing, thereby making the productivity of knowledge workers the fulcrum of for economic growth. In the new era of the complicated and rapidly changing business environment, knowledge management (KM) is one of the growing issues in contemporary business, as it has been found that knowledge is the organisation's critical asset and potential strategic resource that gives a basis for competitive advantage (Alavi and Leidner, 1999; Davenport and Prusak, 1998; Grant, 1996; Hung et al.,2005; Johannessen and Olsen, 2003; Lubitz and Wickramasinghe, 2006; Teece, 1998; Zack, 1999a). More specially, the implementation of KM projects compliant with various KM Strategies would

provide organisations with the capabilities to improve knowledge quality and quantity as well as to consolidate the value and practicability of knowledge (Bose, 2004; Hansen et al., 1999; Hoffamn et. al., 2005; Keskin, 2005; Kogut and Zander, 1992; Melton et at., 2006; Spender and Grant, 1996; Yu et al., 2004).

In recent years, knowledge is increasingly recognized as the most important and valuable asset in organization and a key differentiating factor in business (Murray, 2000). Teece (2000) argue that the competitive advantage of organizations depends on their ability to build, utilize, and protect difficult to intimate knowledge assets. Moreover, Skyrme (1999), Zack (1999b), Murray (2000), Teece (2000) and Tiwana (2002) states that knowledge is the only source for innovation and sustainable competitive advantages. For this reason, many organizations are positioning themselves strategically a positioning based on their tangible and intangible internal resources, and their capabilities rather than on their products and services (Zack, 2002 a, b; Murray, 2000; Kankanhalli et al., 2003). It is also recognized that competitive advantage, based on resources and capabilities, is more important in contributing to superior performance and sustainability than just these solely based on products and market positioning (Zack, 2002a). Therefore organizations need to identify knowhow and analyze their knowledge-based resources and capacities in order to uncover their most superior or distinctive assets.

However, not all the resources identified by the organization are strategic or are capable of achieving a competitive advantage. Even if the resources are unique, competitors might imitate them or develop adequate substitutes. The most unique and inimitable resource however, is the organizational knowledge (Zack, 1999). There are many facts of organizational knowledge facets which are most precious resource for the organizations. Unlike other resources in the organization such as technology, market share, capital, or products knowledge is the only resource that cannot be copied (Tiwana, 2002), and is difficult to imitate. Moreover, knowledge is different from material resources which decrease when used. On the other hand, knowledge asset increases with use (Evans et. al., 2000; Davenport and Prusak, 2000). Both resource-based and knowledge-based theories have viewed the competitive advantages and based on the organizational internal resources and capabilities are much more important (Zack, 2002b). The resource-based view treats knowledge as a generic resource rather

than having special characteristics. On the other hand, knowledge-based theory considers knowledge as the most strategically significant resource of the firm. This approach perceives knowledge as usually difficult to imitate and socially complex. Hence, heterogeneous knowledge bases and the unique capabilities among firms are the major determinants of sustained competitive advantage and superior corporate performance (Grant, 2003).

2.3.1   Resource-Based View

Penrose (1959) argues that firm growth results from a collection of heterogeneous productive resources and the firm's ability to administer these resources effectively and efficiently (Barney & Arikan 2002, p. 129). Drawing upon Penrose's research, studies conducted by Rumelt (1991), Cool and Dierickx (1993), suggest that differences in profitability among firms in the same industry are often larger than among industries, suggesting that firm conduct rather than industry environment is most important to firm performance.

As a result of these studies strategic management research shifted its focus in the mid 1980s towards the inside of the firm (Hoskisson et al. 1999, p. 437), leading to the development of the resource-based view, Barney 1996a, Mahoney, 2001, Peteraf 1993, Amit & Schoemaker 1993). The resource- based view suggests that competitive advantage results from idiosyncratic resources a firm possesses allowing it to implement a value creating strategy competitors cannot simultaneously implement (Barney 1991, p. 102). To implement such a strategy and to achieve competitive advantage, firm resources must be valuable, rare among competitors, imperfectly imitable, and must not have an equivalent substitute. Imperfectly imitable resources can, for example, result from unique historical conditions, causal ambiguity (Reed & De Fillippi 1990), or social complexity (Dierickx and Cool 1989). Emphasizing on the uniqueness of resources that firms control, the resource-based view focuses on building a defensible resource position and the role of management in translating this position into superior firm performance to achieve competitive advantage.

2.3.2   Knowledge-Based View

Advancements in information technology and the increased rate of innovations across many industries are believed to have altered the business landscape (Leibold, Probst &

Gibbert 2005, p.15) in the porst-industrial era. Itami (1987) noticed early the increasing importance of "invisible assets" (e.g. reputation, customer trust, corporate culture, management skills, or use of advanced information technology) for firms to compete successfully in the market. Given the increasing importance of specialized knowhow in many industries, knowledge is considered as one of the most valuable, hard to imitate, and difficult to transfer resource firms possess and control (Grant 1996).

Many academics and practitioners view knowledge not only as a key catalyst to economic growth but also as the most important resource for firms in their attempt to achieve competitive advantage in today's market place (Hitt et al. 2001). The firms' capacity to absorb knowledge (Cohen & Levinthal 1990), create new knowledge, and utilize it effectively (Nonaka & Takeuchi 1995) is believed to determine firm performance and ultimate competitive advantage according to the knowledge-based view. In the context of specific firm resources, a group of academics argues that the essence of the resource-based view is the knowledge-based view (Grant 1996, Conner & Prahalad 1996, Spender 1996).

2.3.3   Knowledge Management & Intellectual Capital

The intellectual capital movement recognizes the growing importance of intangible assets in economic activities of firms and considers knowledge as an intangible asset (Sveiby 1997). The combined stock of knowledge in an organization represents the firm's intellectual capital. Intellectual properties, such as patents, trademarks, or copyrights are according to Bontis (2002, p. 630) not included in this classification as these properties represent nothing more than property rights. A firm's stock or knowledge is classified into human capital, structural capital, and relational capital.

Relational capital refers to knowledge, which is embedded in relationships external to the firm including knowledge of marketing channels, customer and supplier relations. Structural capital represents organizational processes, routines, and capabilities, while human capital is the stock of tacit knowledge, skills, and experience each member of an organization holds (Bontis 2002, pp.630, 632). Bontis, Crossan and Hulland (2002, p. 440) argue, "… the stock of knowledge represents what an organization has learned." The intellectual capital movement recognizes the strategic value of knowledge, but proposes a generic concept, whose focus is to explain why in many organizations the

value of intangible assets exceeds the book value (Firestone & McEnroy 2003, p. 275). The classification of knowledge into human capital, structural capital, and relational capital provides little insight for the organizational practice on how to manage knowledge.

2.4   PERSPECTIVE OF ALIGNMENT (OR FIT)

The concept of strategy fit began with the research of Suinner (1969). He suggested the companies should tailor their production systems to perform the task that were vital to corporate success and consistent with the corporate business strategy. A basic proposition is that "organizational performance" is a consequence of fit between two or more factors, such as the fit between organizational environment, strategy, structure, system, style (i.e. skills and competence) and culture. Therefore, numerous terms have been associated with alignment, such as strategic alignment, fit, integration, bridge, harmony, fusion, coordination, and linkage. In this study, the terminology of fit and its related concepts are similar to that of strategic alignment (Sun and L. Ju, 2009).

Moreover, according to the components that are being aligned, there are different types and classifications for the alignment. As was discussed earlier in this section, the alignment can be observed as the homogency between strategic choices and critical contingencies with the environment. This concept can also be viewed from different dimensions (Regev and Wegmann, 2004). That the alignment can be classified as strategic alignment refers to the degree to which business strategy choices and strategic choices, corresponded to each other (Regev and Wegmann, 2004) sited in (Al Ammary, 2008). Functional alignment, however, refers to the degree to which the internal components (structure, process and human resources) of an organization correspond to each other. Another alignment can be classified as intellectual or personal competence (Lederer and Mendelow, 1959). The intellectual dimension is related to the consistency and validity of KM, IT, HR and business objective while the personal competence alignment is concerned with the degree of involvement for formulation in functional areas. Similarly, the alignment can be considered either as static or dynamic (Regev and Wegmann, 2004). Static alignment refers to the situation of alignment at a given point in time, while dynamic alignment refers to the evolution of alignment in time. From the above mentioned literature, it is clearly ostensible that the alignment may be approached from the input process, content or outcome perspectives. Therefore,

organizational performance largely depend on how well the particular organization has aligned their resources with organizational strategy.

Scholars of the long-established school of "contingent theories" assert that a company performs better when its organizational characteristics comply with its environmental condition (Chandler, 1962). The concept of "fitness" is one among the key notions advocated by contingent theorists. "Fitness refers to the coordination between the demand, objectives, and structure of one part of an organization with the demand, objectives, and structure of the another part. The better the degree of coordination, the better the organization's performance (Miller, 1986).

The concept of fit has often been applied in the realm of strategic management, exploring how a company should align its strategy with organization's structure, technology, market conditions and various environmental factors (Miller, 1986). Proper alignment between strategy and related contingent factors can help to enhance company's performance (Hambrick, 1984). If variously related contingent factors are not aligned with strategy, the company cannot effectively organize available resource toward the envisaged direction, and its performance will, consequently and suffer. Since various kinds of functional strategies interact with each other, the company must maintain a status of coordination among variously related contingent factors to facilitate the attainment of its strategic objectives (Porter, 1980 and His & Yun, 2005).

According to Van de Ven and Drazin (1985), fit has three approaches: selection, interaction, and systems. Six different perspectives of fit are proposed by Venkatraman (1989): matching, moderation, mediation, gestalts, co variation, and profile deviation. The six perspectives can be classified into two categories according to the number of variables being simultaneously examined. Accordingly, fit as matching, moderation, and mediation can be categorized into the reductionist perspective, whereas fit as gestalts, co variation, and profile deviation can be regarded as holistic perspective (Venkatraman, 1990).

In the following research, the researcher wants to analyze the nature of the fit relationship between KM, business and HRM strategies as well as their interactive influence on organizational performance in Nepalese Banking Industry.

2.5   KNOWLEDGE MANAGEMENT STRATEGY

In the 1990s and the early 21st century a knowledge-based perspective has emerged, which focuses on ways in which firms acquire, develop and deploy knowledge to stay ahead in changing competitive markets. Knowledge is believed to be a key resource in achieving competitive advantage, and has attracted many academics and practioners from a broad range of disciplines, who have investigated the way in which knowledge can be managed successfully in a organization for efficiency (Wolf gang, 2009.)

Knowledge and its management have moved up the corporate agenda due to the idea that knowledge is a source of competitive advantage. Knowledge management strategies are used to identify where best practices and experts are located in the organization (Davenport and Prusak, 1998). Today, knowledge intensive corporations in particular view their employees as knowledge workers (May et. al., 2002). A knowledge worker depends on an internal supply of recent corporate knowledge, but he/she also feeds knowledge into the organization.

Two different knowledge management strategies have been discussed in the literature for sharing tacit and explicit knowledge: the codification strategy has the objective to collect knowledge, store it in databases, and provide the available knowledge in an explicit and codified form. Such a reuse of explicit knowledge and solutions can save time and money. The design of databases, document management, and workflow management can be considered to be part of this strategy. The codification strategy is assumed to be successful for these companies whose business strategy requires re-using existing knowledge (Hansen et al., 1999). In contrast, the focus of the personalization strategy is not to store knowledge, but to use Information Technology to help people communicate their knowledge. The objective of the personalization strategy is to transfer, communicate, and exchange knowledge via knowledge networks such as discussion forums. If the business strategy focuses on generating new or customer specific solutions or product innovations, the personalization strategy should be chosen rather than the codification strategy (Hansen et al., 1999)

The above-mentioned choice of the KM instrument should depend on the firms' strategic orientation to KM. A knowledge management strategy describes the overall approach an organization intends to take to align its knowledge resources and

capabilities to the intellectual requirements of its strategy (Zack, 1999), thus reducing the knowledge gap existing between what a company must know to execute its strategy and what it does know. Currently, literature advocates the convenience of explicitly managing knowledge with a clear and definite attitude. For instance, Zack (1999) states that business organizations realize that to remain competitive they must explicitly manage their intellectual resources and capabilities. A firm must take a global and consistent vision when managing its knowledge and selecting the KM tools to be implemented. The whole organization must share a common KM orientation. A better understanding of the concept and implications of KM strategies can be achieved through a review of the most important contributions. An essential element is the balance firms should observe between exploration and exploitation (March, 1991), i.e. between the creation, discovery or acquiring of knowledge and its refinement, reuse or generally speaking a focus on efficiency in knowledge resource management. Chakrabarti (1996) label firms accordingly to the way they mange knowledge. They conclude that more aggressive knowledge strategies, featured by more innovative firms, cause higher financial performance. In a similar way, Zack (1999) has proposed two orientations: conservative vs. aggressive. The latter is frequently more concerned about exploration..

Hansen et. al's (1999) typology of knowledge strategies has become the most supported and referenced one. Their classification distinguishes between personalization and codification of knowledge. The codification strategy focuses on codifying knowledge using a "people-to-people document" approach; knowledge is extracted from the person who developed it, made independent of the person, and reused.

KM refers to the process of capturing the collective expertise and intelligence in an organization and using them to foster innovations through continued organizational learning (Nonaka, 1991; Davenport and Prusak, 1998). In the past 20 years, KM has led to new technological improvements as well as developments of new concepts. If used properly, KM can help organization become more flexible as well as become better learning places. KM is expected to improve and create competitive advantages for business enterprises.

The aspect of viewing knowledge as a means of improving a company's competitive ability inevitably endows KM with a "strategic" attribute; KM is posited to help firms

remain viable in turbulent environments. This sounds quite similar to a long-familiar concept of "strategy", which has attracted the attentions of managers as well as scholars for several decades on how to align company's available resources to ensure corporate survival and success. Based on the above literature, it is argued that KM is a strategic tool that strengthens competitive ability.

Scholars of KM have also noticed that KM involves not only a set of software and hardware infrastructures but also corresponding organizational arrangements such as culture and people (Meso and Smith, 2000). Knowledge is created by and rests in individual employees. Equally well, it is created through social interactions and is embedded in the social structure of organizational member (Narasimha, 2000).

Increasingly knowledge is being recognized as the most strategically important resource which must be taken as the most strategically important capability for business. As Michael Zack argues, "Business organizations and coming to the view knowledge is their most valuable strategic resource, and bringing that knowledge to bear on problems and opportunities is their most important capability. They are realizing to remain competitive they must explicitly manage their intellectual resources and capabilities… Intuitively, it makes sense that the firm that knows more about its customer, products, technologies and markets, and their linkages should perform better. However, the link between knowledge management and business strategy, while often talked about, has been widely ignored in practice".

To clarify and develop the link between strategy and knowledge, Zack proposes that an organization must, on the basis of its existing accumulated knowledge, articulate its strategic intent, then identify the knowledge required to execute its intended strategy, and compare that with its actual knowledge, revealing strategic knowledge gaps. These include internal knowledge gaps – what the company needs to know to successfully implement its strategy – and external knowledge gaps – what competitors know will be necessary to compete successfully.

Strategy Drive Knowledge Management
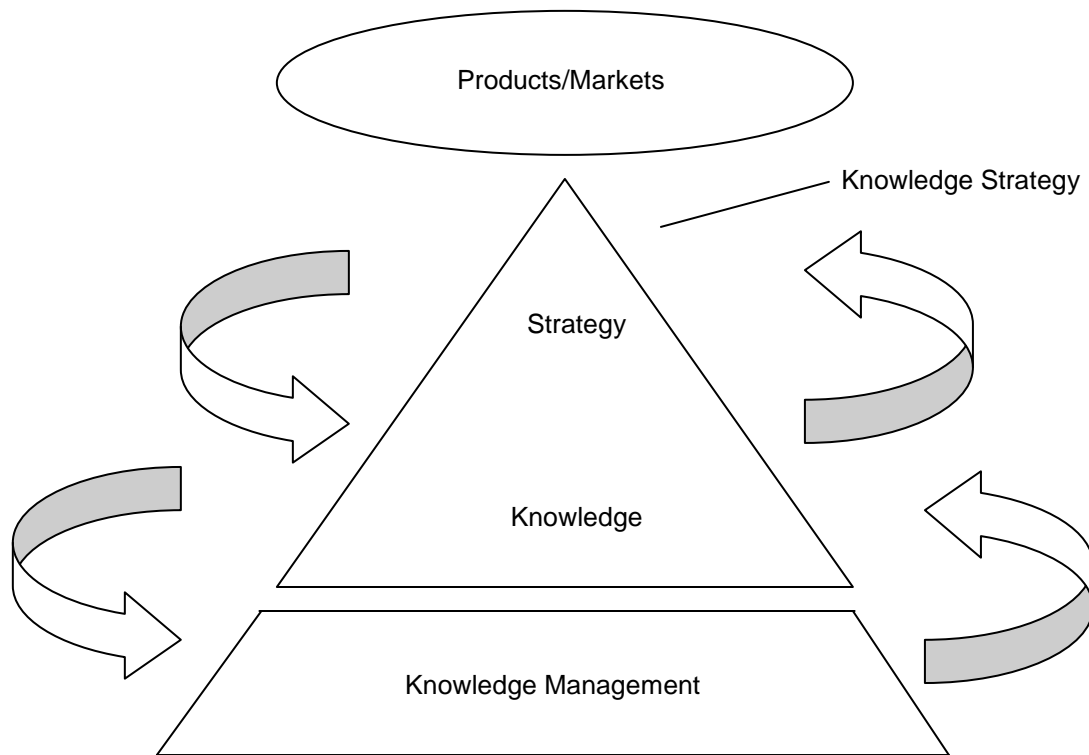
FIGURE 2.2 : Knowledge Strategy

Source: Zack, 1999.

In brief, many researchers have argued that there are two categories of knowledge management strategies including codification (i.e. emphasize codified knowledge in knowledge management processes focus on codifying and storing knowledge via information technology attempts made to share knowledge formally) and personalization (i.e. emphasize dialogue through social networks and person to person contacts focus on acquiring knowledge via experienced and skilled people attempts made to share knowledge informally). Researchers have noticed in the literature two different meanings associated with the term KM strategy: the first meaning relates KM to strategic management and define KM strategy as knowledge strategy or knowledge strategy as KM strategy a critical element of knowledge based competitive strategy, and second meaning, usually in practical context convey a KM implementation strategy. These meanings shed light on the relationship between people and their skills, technology and process and finally KM and strategy.

2.5.1   KM Strategy as Knowledge Strategy

Different authors take a particular approach to KM when they use the term KM strategy. Different approaches to KM reflect the distinct perspectives, conceptualizations, and methodologies that emerge from particular disciplinary backgrounds, specific interpretations of what knowledge is an how it can be managed, and the varied backgrounds and agendas of those involved in KM. Since the field is relatively new, existing approaches are varied and diverse. It is possible, however, to group them into some relevant types.

The most common approaches to KM seem to be technology-oriented; they emphasize the explicit nature of knowledge, and tend to interpret it as an object that can be stored in repositories manipulated, and transferred via information and communication technologies. These approaches are also described as the content perspective on KM (Hayes and Walsham, 2003), the object, product or stock perspectives on knowledge (Alavi and Leidner, 2001; Mentzas et al., 2001), codification or system strategies for KM (Hansen et al., 1999; Choi and Lee, 2002), and technocratic schools of KM (Earl, 2001). People-oriented approaches, on the other hand emphasize the tacit nature of knowledge, and tend to interpret it as a social, context-dependent process of understanding that requires human communication and cognition in order to emerge. These approaches are also described as the relational perspective on KM (Hayes and Walsham, 2003), the process or flow perspectives on knowledge (Alavi and Leidner, 2001; Mentzas et al. 2001), personalization or human strategies for KM (Hansen et al., 1999; Choi and Lee, 2002), and behavioral schools of KM (Earl, 2001).

The knowledge strategy concept builds on the knowledge-based view of the firm developed by authors in the field of strategic management and links KM to business strategy. That view argues that a firm's unique knowledge is the key source of its competitive advantage, allowing it to combine conventional resources in distinctive ways and provide superior value to customers (Kogut and Zander, 1992; Spender, 1994; Nonaka, 1994; Grant 1996; Teece et al., 1997). A knowledge strategy identifies this unique knowledge, either existing in the firm or required for a projected situation, and drafts ways to develop and / or capitalize on it (Zack, 1999, 2002; Von Krogh et al., 2001)

The key elements of a knowledge strategy are knowledge domains and knowledge intents. Knowledge domains are areas of interest and expertise that comprise strategic knowledge resources (Von Krogh et al., 2001). Domains can focus on external or internal issues, and be more general or more specific. Examples of domains are industries, markets, and customers, which focus on external opportunities and threats; organizational functions and processes, which focus on internal capabilities; and products, services, and technologies, which try to connect internal capabilities to identified opportunities. Knowledge intents are the substance of a knowledge strategy, and are opportunities. Knowledge intents are the substances of a knowledge strategy, and are derived from the comparison between existing and required knowledge resources, resulting in the identification of knowledge gaps and /or surpluses (Zack, 1999, Van der Spek et al., 2003). Knowledge resources can exist internally or be available externally. Thus, generic knowledge intents are: to leverage existing internal knowledge to acquire existing external knowledge or to create new knowledge (Von Krogh et al., 2001).

The literature on knowledge-based strategy refers to a dichotomy between exploitation, the application of existing knowledge, and exploration, the creation of new knowledge (Von Krogh et al., 2001; Grant, 2002). Both are necessary, in fact, and companies should seek a balance, using exploitation to provide the revenue required for exploration, which is the basis of long-term revenues (Zack, 1999; Ichijo, 2002; Chakravarthy et al., 2003). In the ontology, we refer to these concepts as knowledge creation (exploration) and transfer (exploitation).

2.5.2   KM Strategy as KM implementation Strategy

Authors concerned with the practice of KM sometimes use the term KM strategy to refer to strategies for implementing KM. A KM implementation strategy is a general plan that provides guidelines for making decisions and attaining results from KM initiatives. This concept of KM Strategy applies mainly to the executives and managers responsible for the KM function or KM programmes in an organization.

Existing KM implementation frameworks (Wiig, 1999; Soliman and Spooner, 2000; Rubenstein-Montano et al., 2001; O'Dell et al., 2003), which help practitioners design particular implementation strategies, include a myriad recommendation. These

recommendations can be summarized in three topics: securing a set of required conditions, choosing and prioritizing a set of KM initiatives and establishing evaluation criteria. First, among the elements that are often cited as required conditions for (or indicators of) successful KM programmes we can include senior management support, alignment with strategy and business requirements, consideration of organizational dynamics and culture, and involvement of key personnel and stakeholders (Wiig, 1999; O'Dell et al., 2003; Wong and Aspinwall, 2004b). Second, the actual implementation usually balancing human- and technology-oriented approaches. A frequent recommendation is to prioritize initiatives according to a trade-off between opportunity (easy to carry out) and strategy (valued business results), and to implement them in stages starting with pilot projects that provide lessons for further expansion (O'Dell et al., 2003; Wong and Aspinwall, 2004a). And finally, almost all frameworks mention the need for evaluation criteria to assess results and provide for accountability. This includes the need to identify expected business benefits and develop a business case, collect anecdotal evidence, and adopt performance indicators and metrics, both KM-specific and business-driven (Rubenstein-montano et al., 2001; O'Dell et al., 2003; Del-Rey-Chamorro et al., 2003)

Descriptions of implementation approaches include both top-down and bottom-up. The necessary considerations tend to be the same; only the order in which they are presented seems to be different. Top-down approaches usually start by securing the required conditions and establishing evaluation criteria, while bottom-up ones start with local initiatives that expand later by focusing on the other elements.

2.6   BUSINESS STRATEGY IN STRATEGIC ALIGNMENT

In the 1990s, the nature of organizational life and market competition is changed radically because of increased globalized world. The strategy of an organization describes the way it will pursue its goals given the opportunities and threats in the environment and its resources and capabilities. Strategy can be defined as "the match an organization makes between its internal resources and skills and the opportunities and risks created by its external environment" (Grant, 1991). Strategies emerge from the interaction between firm and its environment as well as between knowledge workers and management. According to Porter (1985), the essence of strategy is in its activities, that is, choosing to perform activities different by or to perform different

activities then rivals. Corporate level strategy relates to the product/market choices of firm and business level strategy defines how it will deploy its resources in a given product/market area vis-à-vis its competitors (Hatten et al; 1978). Business strategy can be defined as the outcome of decision made to guide an organization with respect to the environment, structure and process that influence its organizational performance.

Business strategy is a powerful predictor of other organizational phenomenon and perhaps the most useful stream of research for practitioners is the empirical examination of its relationship with organization performance (Hambrick, 1980). An effective business strategy will provide sustainable competitive advantage to an organization resulting in superior performance (Oosthaizen, 1997). However, this can be achieved only if the strategy matches properly with the organizations' external environment and internal conditions. (Thompson and Strickland, 1996). By integrating the organization activities and allocating the scare resources, business strategy makes certain that the organization objectives and goals will be met (Walker and Rue Kert; 1987).

A strategy is a pattern or plan that integrates an organization's major goals. Policies and action sequences into a cohesive whole. A well formulated strategy helps marshal and allocates an organization's resources into a unique and viable posture based on its relative internal competencies and short comings anticipated change into the environment and contingent moves by intelligent opponents (Grant, 1998). Business strategy implies a series of systematic and related decisions that give a competitive advantage related to other business (Schular and Jackson, 1978; Dowling and Schular, 1990). Though the field of strategy is subject to a numerous disputes about focus and process, relationality and behavior and about breadth and depth (Purcell, 2001), an attempt has been made to integrate and synthesize the field. They have argued that strategy can be a plan, a pattern, a position, a prospective and employ, (Gautam, 2008).

The concept of business competitive advantage is derived primarily from Porter's (1980; 1985) classification of generic strategies as cost leadership, differentiation and focus. Miles and Snow (1984) have classified business strategies into three types: defender, prospector and analyzer. Referring to Porter's strategy types, Schuler and Jackson (1987) have used table slightly different from those of Porter's to classify business competitive strategies into three types: cost reduction, innovation and quality

enhancement. During the course of this debate various attempts have been made at typology integration. Although these efforts emphasize similarities between Porters and Miles and Snow's frameworks, they have not accounted for one primary theoretical difference.

The primary theoretical difference is concerned with the actions and the approaches crafted by management to produce successful performance. In one specific line of business, the prime focus of business strategy issue is how to build a stronger short term as well as long term competitive position. Recent global changes have forced every type of organizations across the globe to reconsider their strategic business models. The increasing significance of Chinese manufacturing and the expanding power of the European Union (EU), among other factors, are clearly presenting manufacturing organizations with tremendous opportunities and new strategic challenges.

In recent years, strategic challenges faced by organizations have intensified due to unmistakable trends toward emphasing a customer orientation and an increasing utilization of innovative operational technologies and electronic commerce/business re redefining operations, services and customer relations.

Therefore, during the 1990s several researchers engaged themselves with Porter's generic strategies framework to study how organizations were successfully competing in the global market. Porter's (1985) strategic typology has been accepted by most scholars and executives, as one of the main frameworks for effective strategic choices and strategic behavior of an organization (Campbell Hunt, 2003; Allen et. al, 2007)

2.6.1   Porter's Competitive Strategy Framework

Most business strategy research has sought to validate one or two schools of thought, often with typologies developed by Porter (1980) and Miles and Snow (1978). One school – anchored by empirical research in the early 1980s – has embraced Porter's (1980, 1985) original contention that viable business units must seek either a low cost or a differentiation strategy to be successful (Dess and Davis, 1984). Later, a second school has proposed that the two generic strategies – low cost and differentiation, or prospector and defender – are not mutually exclusive (Wright, 2002). Wright, et. al. (1994) have also extended the Miles and Snow typology by proposing a high

performing combination strategy – the 'balancer' striking an effective 'balance' between the needs of a stable technology and those of fluid technologies, operating in three separate product market spheres.

During the course of this debate, various attempts have been made at typology integration (Miller, 1986; Porter, 1980; Segev, 1989). Although these efforts emphasize similarities between Porter's and Miles and Snow's frameworks, they have not accounted for one primary theoretical difference.

The corporate strategy, after all, tends to search for competitive advantage. Therefore a key factor influencing the link between business and KM strategies is the quest for competitive advantage. The idea of competitive advantage as discussed by Michel Porter (1985) can be described as having two factors: cost leadership and differentiation.

Cost leadership involves positioning the organization as a low cost producer of a standard product for either a broad or focused market. To succeed with a cost leadership strategy it is suggested that the firm must become the cost leader and not one of the several firms pursing this strategy. Cost leadership requires an emphasis on tight managerial control, low overheads, economics of scale and a dedication to the learning curve.

On other hand, differentiation strategy requires that an organization's products or services become unique on some dimensions which is valued by the buyer, thus ensuring a premium price. The basis of differentiation strategy may be the product or service itself or other aspects, such as delivery or after sale services. Unlike cost leadership, it is suggested that several firms can successfully pursue a differentiation strategy in an industry.

Turning to the specific link between business strategies and KM strategies, it has been argued that organizations will experience severe problems in strategy implementation if it is not effectively linked with appropriate organizational arrangement, Fombrun, et. al. (1984) suggest that the strategic management is seen to be concerned with three key issues; the mission and strategy, formal structure, and personal system. An organization's choice of generic strategy specifies the fundamental approach to

competitive advantages that the firm seeks to achieve and provide the context for policy and action in each key functional area.

Competitive strategy examines the way in which a firm can compete more effectively to strengthen its market position. Any such strategy must occur in the context of rules of the game for socially desirable competitive behavior, established by ethical standards and through public policy. The rules of the game cannot achieve their intended effect unless they anticipate correctly, how business responds strategically to competitive threats and opportunities:

There are two ways of achieving competitive advantage. First, competitive advantage may be achieved when firm pursues a strategy of low costs, which enables it to offer products at lower prices those competitors. Second way of gaining competitive advantage is by a strategy of differentiating products so that customers perceive unique benefits that justify a premium price. As such to succeed in building a competitive advantage, a company's strategy must aim at providing buyers with what they perceive as superior value – a good product at a lower price or a better product that is worth paying more for. This is the crux of competitive of a firm (Shrivastav, 2007).

During the 1990s several researchers used Porter's generic strategies framework to study how organizations are competing in the global market. In the process, Porter's generic strategy typologies have been one of the most used frameworks to study the strategic behavior of organizations (Allen, et. al., 2006). Examples of utilizing Porter's framework are found in many business culture and industries (Mc Naec and Hugh, 1989; Kim et. al., 2004; Garrigos – Simon et. al., 2005; Gibbons and O'connor, 2005; Sapnus et. al., 2004 and Allen et. al., 2007). An examination of this literature tends to support the utilizations of Porter's generic strategies in their pure form, or in hybrid mixed forms, revealing different levels of performance (Campbell – Hunt, 2000 and Gomes et. al., 2009)

Based on Porter's (1980 and 1985) framework and following methodologies used by (Shih and Chiang, 2005; Granier et. al., 2007; Wang et. al., 2006; Gomes et. al., 2009; Salavou and Halikias, 2009) researchers have operationalized the strategies in two ways such as:

TABLE 2.1: Cost Leadership Vs. Differentiation Strategy

Cost Leadership Strategy	Differentiation Strategy
Emphasizing efficient way of operation	Emphasizing marketing ability as well as product development and design
Aiming at lowering cost and promoting efficiency	Aiming at innovation and responsiveness
Giving consumer value comparable to that of other products at a lower cost	Emphasizing the quality of product and services
Strict control of cost	Highlighting responsiveness to customer demands
Simplify and standardize operating process	Recruiting innovative employees with high technical skills and standards.
Product design emphasizing facilitation of production through clear-cut delegation of responsibilities	

In brief, in today's dynamic, globally competitive, technology based and customer driven business environment, a static orientation may not be sufficient. Thus, the need to blend competitive methods to create an competitive advantage and an innovative strategic orientation is more critical than ever before for the strategic survival of any organizations.

Based on, Porter's (1980 and 1985) model for three distinctive generic business level strategies (low cost, differentiation and focus) has been widely acknowledged as a dominant paradigm in the strategic management literature. Each of these Porter's generic strategies is concerned with how a firm develops an advantage with respect to competitors in the same industry or similar environment of a domestic market along with relative merits/qualities of performance outcomes.

The impact of generic business strategies on organization performance and organizational competitive advantage has been investigated by many researchers. The current research is aimed at investigating the effect of low cost strategy and differentiation strategy in organization in order to achieve competitive advantage by using the above mentioned strategic orientations of low cost strategy and differentiation strategy. Thus, this research work argues that business strategy in terms of both cost

leadership and differentiation strategy has a positive link with organizational performance.

2.7   ALIGNING KM AND BUSINESS STRATEGY

In today's competitive business environment, an organization needs experience of deploying its corporate assets efficiently and effectively so that it may gain an advantage over its competitors. To achieve superiority, a firm needs a range of resources to be able to achieve success and competence in the market place. Many organizations are turning in good performance through a correct alignment among people, process and technology, an alignment that helps leverage corporate knowledge and operation (Borgonovo, 2006 and Elkhatis, 2009). For organizations, their long term, their long term prosperity now depends to a large extent on their KM capabilities. Thus in emerging business contexts' our understanding of what creates a competitive edge or competitive value for commercial business has changed fundamentally (Lee and Bruvold, 2003). Knowledge management (KM) is considered to be a critical organizational asset and strategic resource that gives a basis for competitive advantage. Therefore, the strategic alignment between KM for managing business activities must be considered for business performance (Asoh, 2004). In other words, it is necessary to choose right business strategies for different KM strategies alignment is not only a great contribution to increase potential capabilities of an organizational assets, but also a significant positive direct effect on organizational performance (Sun and Ju, 2009). Misalignment in organizations results in redundancy and inefficiency and increases costs and declays and ultimately reduces organizational performance (Gold, et. al., 2001)

One of the most widely discussed models on the alignment between KM and business strategy is that proposed by Zack (1996, 2002) Zack has developed the K-SWOT (Knowledge – Strength – Weakness – Opportunity – Threats) as a fundamental way for aligning knowledge with business strategy. The link has been developed by applying the traditional notion of strategy – SWOT – to the resource-based view and knowledge based view as shown in the figure strategic and knowledge gap. While traditionally the SWOT analysis has an external focus, the focus of K-SWOT is mostly internal because it is about what the organization know as rather than on what the organization produces. The linkage between SWOT and K-SWOT represents the linkage between

what the organization is doing and what it already has as knowledge and intellectual assets (Zack, 2002 and Al-Mmary, 2008).

According to Zack, the K-SWOT for aligning KM initiatives with competitive strategy is by determining the gaps in critical performance or in strategy and knowledge (Earl, 2001). The strategic gap is a gap between what a firm must do to compete and what it can do (actually doing), while the knowledge gap is a gap between what the firm must know to execute its strategy and what it does know. According to Zack (1999), the K-SWOT analysis helps managers to identify critical knowledge resources that can be exploited and knowledge that needs to be developed to maintain or grow its competitive market position, based on internal versus external knowledge.

Recent years have seen the emergence of KM as an approach to linking business activities to wider corporate objectives and market characteristics. It has been noticed that few researches especially with empirical approaches have been carried out to provide management indicators and supportive conformation for the performance impact of the relationship between KM and business strategies (Asoh, 2009; Shih and Chiang, 2005; Maier and Remmus, 2002; Franken and Bragan, 2006; Granier, 2007; Abou-Zeid, 2003; Al-Ammary, 2008; Wolfgang, 2009)

Effective and efficient use of organizational knowledge requires the alignment of knowledge strategies with business strategies (Abou-Zeid, 2003). It is Abou-zeid's thought that business strategy or knowledge strategy can be seen as a balancing act between the external domain and internal domain which contains opportunities/threats and capabilities/arrangement. He also proposes a model where in business and KM strategies are co-aligned. The results of this empirical study indicate that business strategy and knowledge management strategies and their alignment indeed play key roles in organizational performance.

Zones (2002) argues that KM strategy follows business strategy and technology follows both. Furthermore, Jones identifies three strategy domain a firm typically is engaged with: (a) growth and value (b) operational effectiveness and (c) customer intimacy. With these strategic domains, the firm pursues a number of strategically relevant core business and knowledge activities to achieve defined corporate goals. Vera (2001) investigates ideal match between KM and business strategies and argues the greater the alignment between both strategies, the better the firm's performance.

The knowledge management strategy presented by Maier and Remus (2002) implicitly assume that knowledge and business strategies coexist on an equal footing and views strategy as a balancing act between the external and internal domains. Based on the desired product and market position, a firm has to define which business units are of strategic importance and has to identify fields of core competencies. This process is guided by the concept of strategy knowledge assets (Maier and Remus, P 109). Developed by Porter (1985), the concept of strategic knowledge assets views core competencies in the light of their application for products and services which, when applied, can lead to differentiation in product and service offerings visible to the customers.

Similarly, Green and Ryan (2005) present a framework of intangible valuation areas (FIVA). The framework seeks to integrate intangible assets into the concept of value chain (Porter, 1985) and to align it with the business strategy of the firm. The concept of value chain introduced by Porter is based on the notion that competitive advantage can result from various discrete firm activities, which contribute to a firm's relative cost position and create a basis for differentiation. The authors argue, that in the knowledge era intangible assets have become a key source to achieve competitive advantage. Green and Ryan see the key objectives in leveraging innovation, improving effectiveness and efficiency of knowledge processing in an organization i.e. capturing, transferring and sharing of knowledge and in establishing an organizational culture that supports communication, collaboration creativity and team work.

Asoh (2004), Al-Ammary (2008) and Wolfgang (2009) combine their strategy types with three generic business strategy types (prospector, defender and analyzer) developed by Miles and Snow (1978). They argues that prospectors, which search for new market opportunities and emphasize on product innovation, need to broaden their knowledge base and hence should apply an aggressive knowledge strategy to explore and source knowledge externally while enhancing communication and exchange of tacit knowledge within the firm. Defenders, who tend to operate in a defined and narrow market and product domain should adopt and conservative knowledge strategy, to protect and financially exploit their existing knowledge base. Analyzers, who operate in both stable as well as changing market and product domains, should simultaneously adopt both an aggressive and conservative knowledge strategy to support their business strategy in each respective product and market domain.

In this way, Porter's (1985) and Miles and Snow's (1978) typology for business strategy has been used frequently in the strategic alignment literature. Shih and Chiang (2005) and Granier et. al (2007) have examined Porter's (1985) typology for corporate strategy which includes cost leadership and differentiation strategy. In their research work, for considering organizational performance, two types of KM strategies have been examined in their model of alignment: codification and personalization strategy. Furthermore, they argues that depending on the business strategy, a different KM strategy is more or less adequate and results in a positive business performance. As mentioned above, the alignment model between KM and business strategies that leads to improved business performance.
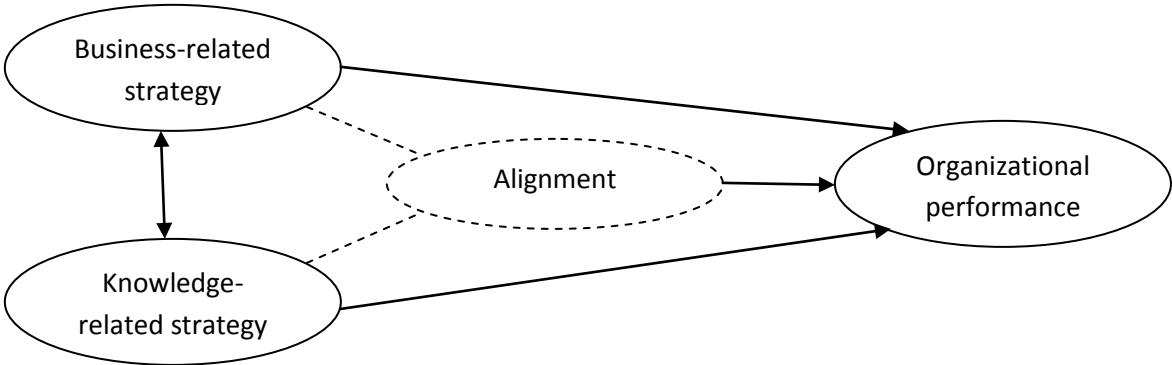
FIGURE 2.3 : Strategic Alignment Model

Source: Adapted from Shih and Chiang (2005)
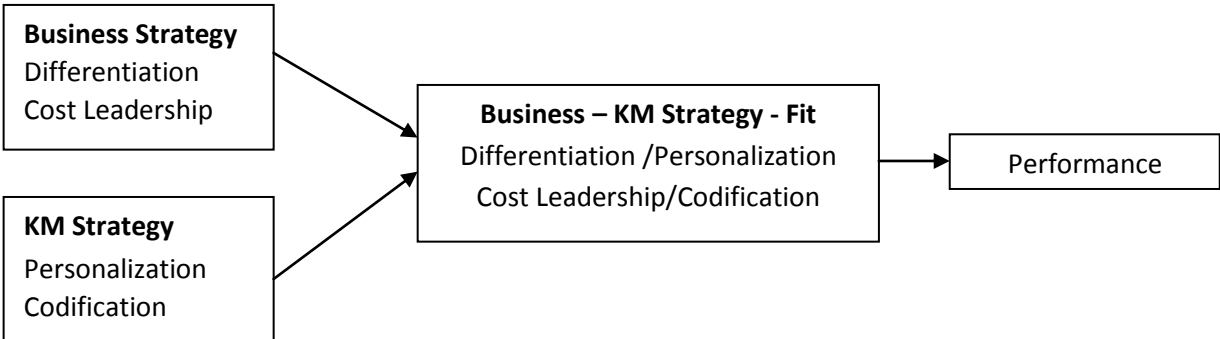
FIGURE 2.4: Fit between KM and Business Strategy

Source: Adapted from Granier, et. al. (2007)

Therefore, objective of this research work is to study the nature of the relationship between KM and Business strategies and its potential impact on organizational performance.

In brief, based on the above arguments, it is reasonable to expect that proper alignment between strategy and related contingent factors can help to enhance organizational performance. Therefore, KM strategy should comply with organizational business strategy itself. Because, a fit mode between business and KM strategies leads to improved business performance. Thus, the strategic direction of the organization should determine the direction of the KM activity. The business strategy specifies the positioning of the organization or submit, with respect to its customer, economics of its business, and the people it hires and the competitors. This research considers those measures in the prior studies by using the concept of strategic alignment between KM and business strategies for organizational performance (e.g. Shih and Chiang (205); Granier et. al; (2000). Maier and Remus, (2002); Vera (2001), Green and Ryan (2005) address the need that a firm has to identify and align key knowledge resources with its core business activities that impact organizational performance.

Furthermore, this study considers a business strategy framework as the of Porter's (1985) and maps it against a knowledge framework such as that of Hansen, et. al., (1999). It is clearly noticed that differentiation business strategy is more compatible with KM personalization strategy. Similarly, cost leadership of business strategy is more closely associated with KM codification strategy. Strategic management literature suggests that a successful firm's strategy and structure must be favourably align with its Km strategy. However, the selection of a suitable strategy not only depends on the type of knowledge to be shared but also on the business strategy. A different KM strategy is more or less adequate and result in a positive business performance. Thus, based on above mentioned literature, the objective is to study the nature of the relationship between business and KM strategies and its potential impact on organizational performance in Nepalese banking sectors (Alavi, M. & Leidner, D.E., 2001).

Despite these relevant studies, there is no other empirical research conducted to study and examine the position of the relationship between KM and business strategy

TABLE 2.2: Summary of research in the area of strategic alignment between KM and Business strategies for organizational performance with major findings.

Authors	Major findings
Borgonova, (2006)	KM focuses on leveraging corporate knowledge and operation, which improves performance.
Lee, et. al., (2003)	For organizations, their long-term prosperity depends to a large extent on their KM capabilities
Asoh, (2004)	The strategic alignment between KM for managing business activities must be considered for business performance.
El Khabit, (2009)	In emerging business concept, KM is considered as a critical organizational asset and strategic resource that acts as a catalyst to competitive advantage..
Sun and Ju, (2009)	It is necessary to choose right business strategies for different KM strategies. Alignment is not only a great contribution to increase potential capabilities of an organization assets, but also a significant effects on organizational performance.
Nonaka and Takeachi, (2009); Naphiet and Ghosal, (1998) and Ulrich (1998)	It is reasonable to expect that in order to facilitate the implementation of KM and achieve corporate objectives, KM strategy should comply with company strategy.
Granier et al; (2007)	Depending on the business strategy, a different KM strategy is more or less adequate and results in a positive business performance.
Hansel et. al, (1999)	KM should be tightly related to objectives and business strategies of the organization or sub unit of the organization.
Porter's (1985)	The business strategy specifies the positioning of the organization or sub unit with respect to its customers and competitors.
Davenport et. al. (1998)	The strategic direction of the organization should determine the direction of the KM activity
Zack, (2002)	The linkage between SWOT and K-SWOT represents the linkage between what the organization is doing and what it already has knowledge and intellectual assets.
Abou-Zeid, (2003)	For effective and efficient use of organizational knowledge requires the alignment of knowledge strategies with business strategies and their alignment indeed play key roles in organizational performance.
Drew (1999)	Firms pursue a number of strategic relevant core business and knowledge activities to achieve defined corporate goals.
Vera (2001)	The greater the alignment between KM strategy and business strategy, the better the firm's performance.
Mair and Remus (2002)	KM strategy and business strategy co-exist on an equal footing and views strategy as a balancing act between the external domain and internal domain.
Green and Ryan (2005)	Integrates intangible assets into the concept of value chain (Porter, 1985) and to align it with the business strategy of the firm.
Shih and Chiang (2005)	Alignment model between KM and business strategy that leads to improved business performance.

2.8   HR STRATEGY

Human capital with its knowledge expertise and skills is a valuable resource for firms. But it is critical for every organization to discern what kinds of skills or capabilities they owned and further how to create the resources that are valuable and difficult to dispense with. With rapid changes in the business environment organization are increasingly looking at human resource as a unique asset that can provide sustainable competitive advantage. The strategic management literature recognizes innovation as a critical enabler for firms to create value and sustain competitive advantage in the increasingly complex and rapidly changing environment (Madhvan and Grover, 1998; Subramuniam and Youndt, 2005). Scholars of strategic human resource management (SHRM) assert that various company HRM practices should complement each other. (Baird and Meshoulam, 1988). A fit among HRM practices can improve employee performance and enhance the company's core competitive advantage (Huselid et al., 1997). Human resource practices (HR Practices) are the primary means by which firms can influence and shape the skills, attitudes and roles and behaviors of individuals to do their work and thus achieve organizational goals (Martinsons, 1995)

From a strategic point of view, human resource strategy is seen as statement of 'intent' in an organization with regard to how the organization is going to manage its available resources. "These intentions provide the basis for plans, developments and programs for change". From this point of view, the aim of human resource strategy is the development of capability within the company, in order to give the business a competitive advantage (Tyson, 2000). Therefore human resource strategy is seen as an input into the organization. Others, such as Purcell and Ahlstrand (1994), conceptualize HR strategy as an "outcome" a process or action, a "mechanism for achieving desired objectives."

HR strategy is a set of process and activities jointly shared by human resource managers and line managers to solve people related business issues. Through HR strategy, HR management seeks to add value by identifying issues assessing them and evaluating and resolving the issues which are highly critical to the organization's competitiveness and ultimately to its success. The set of process and activities involved in HR strategy is being used to focus, mobilize, and direct all other activities that have

the impact on the business to gain and sustain competitiveness though people and their competencies (Walker, 1992).

In recent years, human resource management (HRM) has been integrated as the process of strategic management, through the development of a new discipline denominated strategic HRM (Wright and Mcmahan, 1992). The growing interest produced in this domain was owing to the idea that human resource should be considered as a strategic factor, not only for the role it plays in putting managerial strategy into effect but also for the potentiality of its becoming a source of sustainable competitive advantage (Wang and Shyu, 2008). So, there is a growing consensus about the idea that HRM strategy if operated appropriately, can increase organizational performance significantly. Therefore, some essential skills, such as leadership, interpersonal and communication and professional and vocational have became important in the field of SHRM.

HR specialist has to work both as a coach and a therapist. The situation of life long membership in an organization has become weak and the changes on job have come rapidly as a response to professional development needs. As a result, personal learning and development is becoming more important than the status. (Arther and Rousseau, 1996). The HR professionals have to engage in organizing and running mandatory management developments programmes where the top management team participates in developing their leadership skills (Mabey et al; 2006). Inspite of good SHRM practice, lack of leadership skill, interpersonal and communication and analytical skills have a strong influence on the introduction and implementation of HRM strategy and its instruments in various countries (Adhikari, 2005).

US industries in the 1970s stated to face persistent pressure from increased competition from inside and outside business conditions. As time passed by, then were challenged by the process of globalization, rapid technological advances, shorter product life cycles and changing customer, investor demand and under utilization and unemployment of human resources (McKenn and Beech, 1997). The problem has compounded by where adverse union-management relations, trust in management relations, low employee motivation and the ability of the employees to cope with the changing competitive environment (Beer et al, 1984). In such an complex environment, it was difficult for companies to register growth without specific initiatives such as

competence development, continuous performance improvement, innovation in products and process and quality production. For revitalizing themselves, there its organizations made human resources more committed and efficient to gain competitive advantage both in national and international markets (French, 1986, cited in Adhikari, 2009).

In the UK, some executives began to realize the new roles and responsibilities of the personnel department such as communication management, quality, team building, problem-solving sand the like (Storey, 1992). Prominent HR expert Ulrich (1998) believes that in organizations, the roles and responsibilities of HR are not only defined by what it does rather by what it really delivers for the satisfaction of customers, investors and employees.

HR is becoming a "strategic partner" within many business (Ulrich, 1998), and senior managers are asking HR professionals to define overall organizational architecture in terms of organizational culture, competence rewards, governance, work process and leadership. However, Trans et. al., (2002) argues that success depends on the ability of HR department in relation to HRM strategy implementation to perform such a role effectively and the ability to influence others, to accept this changed role for HR. In such cases, leadership and vocation skills are greatly responsible for creating a corporate learning environment. With focus on action learning. Increased instances of executives leading dialogue about the business challenges facing the organization have the order of the day (Breitfelder and Dowling, 2008). Executive management has to work as catalyst and facilitator to foster creating across organizational boundaries, leadership development, sharing culture enhancement, professionalism and know how developments and revenue enhancement by increased employee engagement and its continuous development.

HR managers in a Singapore organization in the 1970s faced considerable problems arising from the complex environment. The organization experienced high turnover and labour shortage due to low internal labour supply and rapid economic growth. It resulted in a tight labour market, overdependence on foreign skillful manpower and competition for workers. In this regard, the HRM role in organization was required to solve the problem:

General Causes of Problems	Frequency	Percentage
Internal Factors	46	79.31
External Factors	30	51.72
Lack of HRM Skills	33	56.90

General Causes of Problems

Internal factors: Internal environmental factors such as lack of clear policies or having rigid policies; mission and culture.

External Factors: Tight labour market and changes in the labour force, legislation, meeting national HR policies and OD strategies, and competitive pressure.

Lack of HRM Skills: Skills required to carry out task and responsibilities competently – including technical, people management, conceptual and analytical skills.

It may be necessary for HR managers to acquire new competencies and skills that HR manager should acquire for formulation and implementation of HRM strategy in organization for firm performance (Wlrich et al., 1989; Nankeruis et. Al, 1993) In addition, because of globalization, innovation in production, and information technology, the pace change can be amazing. As a result, HR professionals have an important role to play in making people accept the change. The following are examples of competence which others have prescribed as a must for that HR managers who are supposed to avoid obsolescence and keep abreast with the changes and innovative practices in the field. (Cunning hary and Debrechg, 1995). These two authors notice that HR manager in Singapore experience some of problem in HRM role debuted in the literature(perception of skills needed to solve Singapore problems) and problems are exacerbated by the complex environment within which HR manager operates.

Perceptions of Skills needed to Solve Problems	Frequency	Percentage
Technical knowledge	41	70.69
People management skills	49	84.48
Conceptual and analytical skills	30	51.72

Skills

Technical knowledge: Knowledge of job, legislations/regulation governing employment unions, etc., functional and theoretical knowledge of aspects of HR functions, computer skills, e.g. formulating and implementing pay policy/strategy.

People management skills: Communication skills – including oral and written English counseling and interviewing skills, empathy, sensitive and tact, group dynamic and interpersonal skills – including team-working, leadership skills, influencing and negotiation skills, motivational skills, co-ordinating skills, conflict management skills, adaptability and ability to network.

Conceptual and analytical skills: Conceptual, analytical and visionary (foresight) skills; strategic planning skills, creativity and resourcefulness skills.

These are examples of competence which others have suggested that HR Managers should acquire (Ulrich et al., 1989; Nnkervis et al. 1993 cited in Cunningham and Debrah, 1995). Firstly, HR managers might need to exhibit a familiarity with the understanding of the technological, financial and strategic issues affecting their organizations. They must also have quantitative/computer skills and futuring/scenario-building skills. Secondly, HR managers should be able to develop policies competently in all specialist HRM functional areas including staffing, training and development performance appraisal, compensation, HR planning, communication, etc. In other words, they must have skills and capabilities to avoid obsolescence and keep abreast with changes and innovative practices in the field.

Thirdly, HR managers should acquire management of change skills which include: diagnosing, influencing, contracting, intervention problem solving, communication, presentation and interpersonal skills. Thus, it is suggested that HR managers should have technical conceptual and analytical, as well as intuitive and interpersonal skills in performance of the HRM role. Perhaps, the acquisition and the continuous development of these skills would help them to deal effectively with the ambiguity issues.

In Nepal, Nepalese organization and decision makers are now facing a number of challenges, both national and international context. Since 1990, Nepal has been pursuing a number of reform policies in the last 20-25 years. After the restoration of democracy, new industries policy 1992 was announced, an emphasis was given to deregulation, encouraging competition and reliance on market force in the allocation of

resources and FDI (IIDS, 1996 cited in Adhikari, 2009). The government is still the largest employer in the country. Considering international concepts, they have to cope with many unexpected changes in the external environment due to rising competition especially in the service sectors.

Weak forms of liberalization and deregulation, long standing political instability, lack of proper institutional mechanism for enforcing rules and regulations, rising unemployment, low GDP growth rate and lack of leadership skills, interpersonal and communication skills and professional and vocational skills for managing organizational performance are the major forces exerting pressure on internal performance management systems. In domestic environment, companies have to take a number of initiatives to raise the capability of employees making them ready to provide service to cope with international challenges (Adhikari, 2009). However, such a shift requires both a development of power and skills on behalf of a central HR function and an increased emphasis in the skills and understanding of the HR managers with respect to HRM strategy practices and its implementation.

The following HRD issues are merging in Nepalese organization in relation to employee related issues as follows (CRANET/NEPAL, 2004 cited in (Adhikari, 2009).

- Lack of interpersonal and communication skills of the employees. The majority of employees in organizations are lacking interpersonal and communication skills. Inter-personal skills play leadership and liaison roles. Better inter-personal and communication skills of people will help to supervise the work done, evaluate performance and develop employment relations. Changed HRD structure are also necessary in these organizations to enhance employee relations.
- Lack of leadership skills of mangers: leaders should be able to project a corporate culture that contributes to organizational performance. Leadership training is essential for Nepalese managers to strengthen the capability of directional planning, change management, project management and people management.

To be brief, human capital, with their knowledge expertise and skills is a valuable resource of firm. Research into the strategic human resource tends to focus on those HR

practices and value systems that are dominant in EU, US, UK and four tiger economics country of south east Asia. Within an internationalized business environment, India, China, Brazil, Russia, and South Africa have in recent years gained very much increasing significance with the "Global Business Village", although India's much smaller and rather inaccessible neighbor Nepal has still to see many of the proposed benefits (Budhwar and Debra; 2001 cited in Gautam and Devis, 2007).

As discussed earlier, strategic human resource practice is also a comprehensive approach to managing people and their skills and work place, culture and environment. Effective HRM enables employees to contribute effectively and productively to the overall company direction and the accomplishment of the organizational goal and objectives. Firms shoul view HR strategy as an important tool for integrating, people competence inside organization and formulating employment capabilities with organizational strategy and examining how various combination of capabilities can lead to competitive advantage. So it is believed to be important that the formulation and implementation of the HR strategy should be the perfect fit or alignment with the leadership skills, interpersonal and communication skill, professional and vocational skills and their strategic plan.

The general human resources literature clearly refers competence through the acronyms like skills, knowledge and ability or knowledge skills and abilities, being subsumed under skills (Shew Chak, O'connor, and fine, 2005)

So, without formal preparation for management roles and responsibilities organizational managers learn by trial and error and thus frequently mis-handle employees issues, which make both the manager and the employee to become, discouraged in the market place. This has severally affected the management relationship, the clarity of communication, the ability to create effective working environment and excellence in practice. Thus, it may be necessary for HR manager and organization to acquire and develop competence and skill.

Therefore, the impact of HRM strategy and practices on organizational performance was an important topic in the field of HRM (Cunninghary and Debrah, 1995, Adhikari, 2009) and Stowe et. al., 2010) states that leadership skills, interpersonal and communication skills and professional and vocational skills of the employees and the

role and interaction between them are the key that provides the basis for the formulation and implementation of HRM strategy of organizational performance.

Professional and personal development can be enhanced by effective HR strategy formulation and trainers need to be aware of the fact that complex situation or (ambiguity) can help employee at all levels of organization and potential manager to develop skills that are necessary for managing a range of staff in complex business environment. Changing role of HR manager is useful in the sense that they are mechanism for developing technical professional and managerial decision making and interpersonal skills (Feinstein et al, 2002 and Trim, 2004)

As mentioned above, the successful implementation of HRM strategy for performance management is largely dependent on competence development and its effective utilizations. This study adopts three basic skills, such as leadership skills, interpersonal and communication skills and professional and vocational skills in the construct of strategic human resource practices in Nepalese banking sectors.

TABLE 2.3: HR Strategy and its aligning with various skills.

Authors	Major findings
Huselid et. al, (1997)	Competitiveness cannot be achieved without managing performance and at the same time developing skills and competence of the employees.
Collins, (2001)	An effective human resource strategy can have a significant impact on issues such as organizational development and homogenization acquisition of competition skills and abilities, cultural and role changes, career development decrease of tensions and insecurities, commitment and reduced conflict in the work place and creative employment.
Martinsons, (1995)	Strategic HR practices are the primary means by which firms can influence and shape the skills, attitudes and roles and behaviours of individuals to do their work for organizational performance.
Nankervis, et. al., (1993)	It may be necessary for HR managers to acquire new competence and skill that HR manager should acquire for formulation and implementation of HR strategy in organizations.
Johannessen, J. & Olsen, B. (2003)	Firms should view HR strategy as an important tool for integrating competence inside organization and for matching employment capabilities, which can lead to competitive advantages.
Purcell, (1995)	HR strategy will be determined by decisions at all three levels of organizational strategy (corporate, business and functional) and leadership style of local managers to follow through goals in the context of specific environmental condition.
Jeeckson and Schuler, (1995)	The HR strategy formulation and implementation depends on the fit of human resource capabilities with HR strategy, because the company depends fundamentally on the human factor.
Guest, et. al., (2003)	HRM issues create and intensify the ambiguity in the HRM role. It also results in the erosion of the authority and influence of the specialist HR manager role in organizations.
Purcell, (1985)	Internal factors, external factors and lack of HRM skills are sources of the general causes of problem (ambiguity) in the HRM role in organizations.
Ulrich, et. al., (1989)	Technical knowledge people management skills and conceptual and analytical skills are the examples of competence which others have suggested that HR managers should acquire.
Cunningham and Debrach, (1995)	HR managers should adopt an HRM approach which focuses on the roles and skills necessary to manage organizational performance.
Adhikari, (2009)	The successful implementation of HR strategy in organization needs investment in human resource initiatives. Immediate action is needed on developing interpersonal and communication skills, leadership skills and professional and vocational skills.
Stove et al., (2010)	Leadership, organizational, business administration, interpersonal and communication skills, constitute an essential determinant of organizational performance and effective implementation of organizational performance.

2.8.1 KM and Leadership Skills

Resource-based theory of the firm suggests that the firm's resources and capabilities influence the growth and the performance of the firm. One key requirement for organizational success in this competitive environment is recognizing how to manage individual and organizational performance successfully. To develop and exploit a competitive advantage, firms must possess capabilities that can be used to create valuable, rare and inimitable resources. (Barney, 1991)

Leadership is the process of influencing others towards achieving some kind of desired outcome, although no ultimate definition of leadership exists (Yukl, 2002). The term leadership means different things to different people. The majority of definitions of leadership reflect some basic elements, including "group", "influence" and "goal" (Bryman, 1992).

How might one successfully lead and draw upon the un-mined gold of intellectual capital and harness it to pull the wagon of the organization to a new day? Morgan (Goldsmith, Morgan, & Ogg, 2004) believes that the past leadership assets of superior knowledge and technical expertise alone cannot create a flourishing organization. Technology's explosion and overabundance of information availability create demand for a better type of leadership. Competitive advantage today means sharper and finer lines of work, teamwork, and "investment in human capital" (p. 136). Beyond effective use of human resources, we must draw the best from the best leaders in our organizations. Retraining successful leaders from yesterday becomes a key challenge to leadership in a learning organization concerned with KM. Morgan suggests that developing human potential and capital must earn the trust of leaders through integrity and building meaningful relationships. Their "forward looking vision" (p. 138) must be compelling and inspiring. This integrity and vision must be disseminated and carried throughout the organizational culture and embodied by top executives. In addition, the organization and leaders must attract and retain top talent and deploy them for maximum returns. In further consideration of leadership's intense involvement in successful KM, Goldsmith, et al. (2004) also suggests, "If you can't get leaders on board, your KM initiative may be doomed before it gets started. On the other hand, when leaders at all levels (supervisors, managers, and executives) use the KM system,

they encourage others to do the same" (p. 243). As suggested by the very word, leaders need to take the lead in practicing appropriate and successful KM.

Leadership ultimately is an interaction or relationship between the leader and the led. Knowledge Management (KM), as Wheatley points out, is a process that requires that investment and relationship do exist on a deeper level of motivation (Trompenaars & Hampden-Turner, 2004). To effectively understand how to lead learning organizations, the leader must understand what Garvin (1993) calls the three M's. They are management, meaning, and measurement. By effectively leading in these categories a leader can learn to manage KM. Ultimately the three M's are created and managed by ideas. Cummings challenged this by saying, "Leaders are idea brokers that enable the exchange of ideas to benefit their organization" (Cummings, Trompenaars & Hampden-Turner, 2004). This exchange of ideas is part of meaning and measurement, the ability to procure new knowledge and then integrate that into the framework of the organization. The overall mission of a leader in the world of KM is to learn how to guide the internal marketplace within their organization. By doing this, the leader creates an organization that as a learning team is dedicated to meaning, management, and measurement within KM.

The most important thing leadership can do in ensuring the success of knowledge management in their organization is selecting a Chief Knowledge Officer (CKO). The CKO is the organization's expert on knowledge management and integration. According to Bontis (2002), CKOs are responsible for:

1. Promoting stability in an ever-changing environment.
2. Provide the timely delivery of products/services.
3. Fostering organizational synergy by sharing resources and knowledge.
4. Ensure the feasibility of specialization.

In addition, in order for CKOs to be effective, they must understand how to implement technology as an enabler for capturing, storing, and sharing knowledge, as well as for aligning it with the values of the organization. Therefore, leadership should go candidates for CKO who are enthusiastic, idealist, creative, and resourceful.

As a leadership skill, knowledge, according to Northouse (2004), "is inextricably related to the application and implementation of problem-solving skills in

organizations" (p. 43). Mumford, Zaccaro, and Harding, et al. (2000), as cited by Northouse, state that knowledge impacts a leader's ability to determine complex organizational problems and to develop a solution. "Knowledge refers to the accumulation of information and the mental structures used to organize that information" (p. 43). This type of mental structure is called a schema, simply a mental diagram used to assimilate information into usable knowledge. Once a leader transmutes information into knowledge, individuals are more inclined to follow based the leaders expertise. In previous eras, information/knowledge was considered a power base. According to Greenberg and Baron (2003), information power has become a lesser power due to technology that has enabled the availability of information to more people than ever before. In the past, information was reserved for those who held top positions, using information/knowledge for their benefit and allowing that information to be distributed only on a need-to-know basis, or even in a biased manner. In a culture saturated with information/knowledge, it is imperative that leaders use information/knowledge for the benefit of followers and the organization as a whole and not for power accumulation.

As a result of their research, Kluge et al. (2001) tell us that knowledge management presents unique leadership challenges. "From a leadership perspective, knowledge management has been viewed more like a craft and less like a science. Because of the very nature of knowledge, it is difficult for managers to predict what measures can really improve performance, and how to encourage and guide knowledge flows within an organization (p. 191). The chief executive, they say, must assume the role of promoting knowledge management throughout the enterprise. He or she must set the tone for the organization and demonstrate that knowledge, and its management, are taken seriously. In fact, according to some experts, if the senior leadership of an organization is not able to adopt and embrace a KM programme, it is far more likely to fail than to succeed (Rosenburg, 2004). Having a dynamic personality or being the 'charismatic leader' is no longer a viable leadership model for executives to rely upon. Leaders within organizations must be able to learn and demonstrate competence. Those people are led by the desire of a person who not only frames a compelling vision but also can provide evidence that they have the knowledge and insight from which the vision is derived. In short, knowledge and learning have become part and parcel of leadership.

Bolt and Brassard (2004) articulate this point by identifying those characteristics of effective CEOs that support their learning and knowledge management. Here are some of the most important attributes that they identified (Bolt & Brassard, 2004, pp. 162-163):

- They have a desire to learn: they integrate learning in all that they do and try to pull knowledge from every situation.
- They have an open and curious mind: they seek out people who think differently or might provide a different perspective.
- They show humility: they are willing, in fact eager, to learn from their mistakes. They do not have to 'know it all' and respect people who share that value.
- They make their learning public: feedback is important. Taking the time to publicly seek input and letting people know that they are working on learning more about an issue or topic.
- They tolerate risk: mistakes are important as learning tools. People need to learn from their mistakes, but must not shy away from risk for fear of making a mistake. They also understand that learning absolutely needs to occur at a faster rate than the rate of change within the organization.
- They walk the talk: they pay more than lip service; they fund and dedicate resources to learning, through times good and bad.

But does leadership always have to come from the top down? Patricia Wallington (2002) poses the thought that leadership skills can be found at all levels of an organization. Lower level employees can-and should-exhibit leadership to influence those at the top of the organization. Before doing so, however, the individual should consider how to be most effective when attempting to lead from below.

Wallington (2002) lays out the following steps in determining the right time and place to lead from below:

- Cultural Permission – Assess what your corporate culture supports or allows.
- Prepare the Way – Develop a relationship with key senior leaders.
- Pick Your Spots – Not every issue is a candidate for leadership from below.
- Judge Not – Try not to be judgmental about leadership.
- Grow Your Own Leadership – While you work on influencing the senior leadership of your company, set the stage for your own development.

According to John Kotter, there are eight steps to transform an organization through leadership. These eight steps are: "1. Establish a sense of urgency, 2. Form a powerful guiding coalition, 3. Create a vision, 4. Communicate the vision, 5.Empower others to act on the vision, 6. Plan and create short-term wins, 7. Consolidate improvements and produce still more change, 8. Institutionalize new approaches" (Kotter, 2003)

Leadership and knowledge management (KM) intermingle the vision and influence of leadership with the available knowledge base within the organization. When effective leadership elicits and draws upon the myriads of experience, wisdom, understanding, and knowledge inherent in the work force in synergistic fashion creating shared vision, the organization sits like a space shuttle ready for launch. In the context of a rapidly changing world and an increasingly competitive marketplace, successful organizations of today and tomorrow must harness and align all its potential and knowledge. Therefore, Goldsmith, et al. (2004) suggest, "Nothing is more important to the success of knowledge management initiative than the support of leaders and the visibility of KM role models. Generally speaking, the higher up in the organization these role models are the better" (p. 9).

McCollum (1998) states that there are three fundamental tasks that leaders face: "creating strategies to adapt [the] organization to the environment, building a structure that is capable of implementing [the organization's] strategy, and building the capacity of the members of [the] organization" (Spears, 1998, p. 338). It does not take a stretch of the imagination to understand that each of these fundamental tasks requires ongoing organizational learning in an environment of knowledge management - both explicit and tacit, and best understood through the *modus operandi* of shared communication. But where and how do leaders begin facing these tasks? Heil & Alepin (2004) state that it will require most leaders to "rethink their leadership ...in order to lead authentically...not only [for the purpose of] build[ing] more effective, more human organizations, but...to enrich the lives of every person…" (Goldsmith, 2004, pp. 158-159).

2.8.2   Knowledge Management and Interpersonal Communication Skills

The concept of interpersonal communication skills was firstly introduced in the 1950s. Interpersonal communication skills have been defined as ability to work well with people, and involve the acceptance of others, without prejudice. This does not always mean that one likes the person, but that one is able to overcome the person's dislike in order to achieve your tasks (Smith, 2009b : 1).

The need for thoughtful, effective communication in the workplace is paramount. Seldom does an employee work in absolute isolation, instead, workers interact with consumers, peers, and management on a daily basis; this makes interpersonal communication an essential skill for today's employees. Today's employers look for quality skills in interpersonal communication, critical thinking, and problem-solving, not just the ability to complete job duties. Consequently in the absence of effective communication, organizational goals will succumb to individualistic and personal goals (Magnus, 2009:3). Effective interpersonal communication skills are essential to social interaction, and to the building and maintenance of all relationships. Poor communication skills can cause irrevocable damage to relationships; affecting productivity, satisfaction, performance, morale, trust, respect, self confidence, and even physical health (Un ange passé, 2008 :1-2). In any organization, the success of achieving its goals depends largely on the manager's communication ability and skills (Magnus, 2009 :4). In an era of apparent constant change and "erosion of corporate loyalty" interpersonal communication skills in managers are vital to promoting employee attachment to the organization (Brunette and Farr-Wharton, 2004) However, researchers have paid little attention to the interpersonal communication skills that managers need to enhance their subordinates' commitment to the organization (Bambacas and Patrickson, 2008: 52).

Communication is the transmission of meaning from one person to another or to many people, whether verbally or non-verbally. Communication from one person to another is commonly depicted as a simple triangle consisting of the context, the sender, the massage, and the receiver (Barrett, 2006: 386). Communication skills have great importance in the work area just as they have in all areas of life. For most of the professions, communication skills such as being able to express one or to understand the others correctly are required for success and satisfaction at least in elementary level

(Unalan and Tengilimoglu, 2009, 245). Even though an organization performs its tasks more efficiently than expected, one should know that this success will not continue so long if it lacks the same efficacy in communication (Totar, 2000). The success of communication depends on several factors. Transmission of message by the process of encoding and decoding the message, which may result in short-term perception, is not adequate for the success of communication. Communication should be in such a way that will give opportunity for the respondent or receiver to take decision with regard to the message he perceived (Master, 2008:5). The concept of interpersonal communication skills was firstly introduced in 1950s (Berko et al., 1998/1378: 58). Interpersonal communication skills have been defined as an ability to work well with people, and involve your acceptance of others, without prejudice. This does not always mean that you like the person, but you are able to overcome your dislike in order to achieve your tasks (Smith, 2009b : 1). Interpersonal communication skill is the ability to respond to staff's needs positively, fostering a non-discriminatory work environment where staff can develop to their full personal potentials, and delegating authority (Avkiran, 2000 :656). Interpersonal communication competence consists of a set of skills, knowledge about communication, and self-evaluation. Competent interpersonal communication skills include self disclosure, owned feelings and thoughts, and descriptiveness and support. (Robinson, 2006: 1). Robbins and Hunsaker (2003) have reviewed a large number of studies and synthesized the interpersonal skills that surfaced on most list .Most of these skills belong to three categories – leadership, the process of communication and motivation. Interpersonal skills under leadership relate to leadership style, handling conflicts, running meetings, team building and promoting change. The process of communication includes sending messages, listening and providing feedback. Similarly, motivating is broken down into goal setting, clarifying expectations, persuading and empowering. Other interpersonal skills include negotiating (Bambacas and Patrickson, 2008: 52-53).

People in organizations usually spends 75 percent of their daily time on communication through writing, reading, listening, speaking, inter-debate etc. Effective communication is an essential component for organization success, whether it is the interpersonal intra group organization or external levels. A recent newspaper report said that our of very hundred interviews, only five communication skills. Communication skills are as important as technical qualification for youngsters aiming at a bright career.

Communications hold the key. Poor communication skills, low confidence levels and improper body language have resulted out in the job race. The person recruited will have to deal with the global clients directly. The command over the language and accent neutralization also plays a vital role in the recruitment process, Robbins and Hunsaker, (2003).

Based on the above mentioned literature, it is argued that communication is an important facet of life. Communication skills are essential in all spheres of life, Be taking an interview or dealing with the project leader or working out a solution with a team or writing a report, getting across the point effectively is what matters. Therefore, the aim of this research is to identify the role of interpersonal communication skills in the area of implementing Knowledge Management initiatives that ultimately impacts in organizational performance.

2.8.3   KM and Professional and Vocational Skills

An organization's knowledge strategy is the overall approach an organization intends to take to align its knowledge resources and capabilities to the intellectual requirements of its strategy (Zack, 1999, P. 135). KM is the systematic and explicit management of knowledge related activities, practices, programs and policies within the enterprise (Wiig, 2000). The goal of KM is to effectively apply an organization's knowledge into action to create new knowledge to achieve and maintain competitive advantage (Alavi and Leinder, 2001). In addition, knowledge is the understanding gained through experience or study. It is know how or familiarity with how to do some thing that enables a person to perform a specialized task. Therefore, professional and vocational skills are seen as the best weapon that clearly establish the importance of knowledge to its operation.

Knowledge management is not simply a matter of managing information. KM is essentially a deeply social process, which must take into account human and social factors (Clarke and Rollo, 2001). Although from the beginning of 1990s KM has become quite an important line of research, it is still difficult to find a conceptualization commonly accepted by any one. The literature focuses the application of knowledge management in the firm, through its human capital or in assets placed in the firm as intellectual capital, routines, database, technology, etc to add value creation. Many

parameters and their interactions need to be considered for the successful application if knowledge management initiatives in organization (Granier et. al, 2007)

About the importance of KM in organizations' performance everybody discusses and accept it, but how can it be used and successfully apply it? This question is the focus of many organizations that are seeking to understand and deploy KM for their business performance. Specially, the ability to execute KM design strategies to attain organizations performance when: (a) The organization's leadership recognizes and expressly values the strategic importance of knowledge management, (b) when it cultivates an active learning culture, and (c) when its HR programs and practices support KM process. Organizations that lear how to design and execute strategies that do these three things will also be more likely to perform better (Mclann & Buckher, 2004; Ho, 2008). Therefore, professional and vocational skills have high competitive value in organization. Because such employees are know as knowledge workers in that they have high degree of expertise, education or experience and their primary purpose of their jobs involves the creation, distribution or application of knowledge". (Davenport, 2005)

To estimate the benefit of a KM programme, a conceptual perspective is required as well as the use of tools and methods, rather than the *adhoc* use of analytical approaches (Firestone, 2003). Firestone further argues that a KM programme is made up of tasks. These tasks have an impacts on business process and are compounded by different attributes which determine their present state. The difference between the present state and the objective state aids the understanding of how the introduction of a KM program influences firm performance. From this dimension, KM is considered a managerial system that captures establish models of organization and broadens them to provide a practical methodology.

In the emerging knowledge-based society, major emphasis of organization is placed on the process of vocational and professional skills, which are increasingly seen as crucial to organizations success. The fact is that organizational success can be based in its ability to share the knowledge embodied in organizational routines from one organization unit to another (Szulanski, 1996; and Barret, et. al., 2004) as well as to improve their capabilities by assimilating new technology suggest that the knowledge sharing is a critical factor in an organizations ability to respond quickly to change,

innovate and achieve competitive success. In this sense, a growing body of empirical evidence indicate that organizations that have focuses on the regular developments of their employees professional and vocational skills are more productive and more likely to survive than organizations than are less adopt at development of professional and vocational skills.

Knowledge Management is the formulation of and access to experience, knowledge and expertise that create new capabilities, enable superior performance encourage innovation and enhance customer value (Beckman, 1997). KM is a strategy that human organization's intellectual assets both recorded information and the talent of its member (i.e. know how and know who) into greater productivity, new value and increased competitiveness, it teaches cooperation from managers to employees; how to produce and optimize skills as a collective entity. Knowledge management is a strategy of getting the precise knowledge to the right people at the right time and helping people share and place information into action in methods that attempt to develop organizational performance.

Due to the rapid growth of globalization, innovation in production and information technology the pace of change, HR professionals have an important role to play in making people accept the change. They have to create high performing teams, reduce the time for innovation and ensure that new technology is appropriately deployed (Ulrich, 1998). The main role of HR department specially in HR professionals is to ensure that employees are fairly engaged, that they feel committed to the organization and contribute hundred percent. They must be involved in providing training, executing tools and technology and sharing about these things for line management in order to achieve high employee morale, offer opportunity for personal and professional growth and provide resources, which helps employees to accomplish their job in right time in very effective manners. Therefore vocational and professional skills needs in organization. As a result, professionals can help to increase professionalism in organization. Thus, professional and vocational skills is becoming a major tool for learning executing and development initiatives such as knowledge management. It is believe that many organizational projects have failed because employees were not aware and at the same time not inspired to use them (Breitfelder and Dowling, 2008). Thus, according to the above reasoning, this study argues that professional and

vocational skills are key enabling elements for firms to increase their capacity in deploying and facilitating knowledge management tools and activities accordingly, it is important for firms to harness the involvement and participation of employees through knowledge management. Accordingly, individuals having wider skills, expertise and work responsibilities should give greater anatomy and self regulation to do their work.

2.9   ALIGNING KM & HR STRATEGY

"Knowledge as asset" thinking – the search for inimitable distinctive assets or core competences. However, this only goes so far as to characteristic "Knowledge as Protection" for competitive position. The expansion of the frontiers of knowledge serve as the genesis of advantages (McGee and Thomas, 2007).

It was realized that Knowledge Management (KM) is a kind of strategy that delivers the right knowledge to the right persons at the right time. It can also help members to share information, and turn this sharing into actions that improve organizational effectiveness. It can then bring the collective intelligence influence ability into full play using knowledge sharing and further increase the response and innovation abilities of an organization.

KM has been considered to be an important resource in competitive advantage (Ginsburg and Kambil, 1999; Nahapiet and Ghosal, 1998). In current competitive environment, the factors leading enterprise success are no longer simply in the investment of land, labour and raw material, but in the ability of knowledge innovation from all the members of an organization. Knowledge has become a kind of strategic resource in enterprises. Therefore, the management of this strategic resource shows its strategic important (Adhikari, 2008), It is further explain that, when it is a critical issue to know how enterprises manage knowledge and develop employees skills (i.e. – basic skill, in terms of leadership skills, interpersonal and communication skills and professional and vocational skills and others) in order to facilitate HRM strategy and to create a competitive advantage.

KM activities result in knowledge circulation processes and they divide the knowledge circulation process into five components: creation, accumulation, sharing, utilization and knowledge internalization (Lee, et. al, 2005). They further indicate that KM

activities can promote the use of this circulation on after the implementation of KM, an organization becomes able to evaluate the effectiveness of KM.

Blistering competition in high technology environments has led to a collective rethinking by organizational theorists of the bases for achieving and sustaining competitive advantage. One result of this is the knowledge based view of the firm (Grant, 1996; Koughit and Zander, 1992) in which knowledge is seen as the critical resource enabling effective deployment and a transformation of other resource such as money or physical plant and equipment. In this view, knowledge comprises a unique organizational resource. It "resides" and is created in the minds of individual and thus cannot be "owned" by organization (Simon, 1991). Yet, Knowledge creation – particularly the acquisition, dissemination and utilization of knowledge that can be leveraged for economic profit is facilitated by the social context in which individual are embedded (Nahapict & Ghosal, 1998; Nonaka, 1991). From this perspective, it is of crucial importance to understand how HR strategies interms of individual employees and their skills and the social context in which they operate influence the implementation of HR strategy in organization and the generate capability for developing and utilizing new knowledge for organizational performance. Towards this end, several scholars have argued that human resource (HR) practices may provide primary role (Lado & Wilzon, 1994;, Wright & Snell, 1998). Indeed, there is an emerging consensus within the Strategic Human Resource Management (SHRM) literature that HR practices and policies influence firm performance through their impact on firm capabilities interms of basic skills. (Becker & Huselid, 1998; Wright & Snell, 1998)

Human resource practices (HR practices) are the primary means by which firms can influence and shape the skills, attitudes and behaviour of individuals to do their work and thus achieve organizational goals (Colling and Clark, 2003; Martinsous, 1995). Previous literature has paid attention to the link of HR practices and organizational outcomes such as productivity, flexibility and financial performance (e.g. –Youndt et al., 1996; Collins and Clark, 2003), but the understanding needs to be extended to encompass innovation performance. According to the present study, attempts to address to address the link of HR strategies and firms' performance with the help of employees basic skills (i.e. leadership skills, interpersonal and communication skills and

professional and vocational skills) from the perspective of the knowledge base (Chen and Huang, 2007).

The strategic management literature recognizes organizational performance as a criticial enabler for firms to create value and sustain competitive advantage in the increasingly complex and rapidly changing environment (Youndt, 1996; Cheng and Huary, 2007)

Firms with greater innovativeness will be more successful in responding to changing environments and in developing new capabilities that allow them to achieve better performance. Performance and innovation initiatives have to depend heavily on employees knowledge and skills, expertise and commitment as key inputs in the value creation process (Youndt, et. al, 1996). The knowledge based view depicts firm as a source of knowledge and competencies (Grant, 1996; Spender, 1996). According to this view, prior studies recognize the knowledge and competencies of human resources as valuable assets for firms because of their characteristics of firm specific, socially complex and path dependent (Collins and Clarke, 2005; Wright, et. al. 2001).

New, it is realized that a firm's human resource and human capital are sources of competitive advantage (Huselid et al, 1997). Competitiveness cannot be achieved without managing performance at the same time and developing the skills and competences of employees. An effective human resource strategy can have a significant impact on issues such as organizational development and performance. "The general human resources literature typically refers to competencies through the acronyms skills, knowledge and ability or knowledge, skills and abilities. Managerial skills in every type of organization is extensive focused on the organizational environment to meet the changing business needs, (Mathew, et. al. 2004). Lack of managerial development and skills often leads to employee frustration, disenfranchisement, resignation and turnover from the organizational system (Weston, et. al, 2008). Further, it describes that their inexperience and lack of knowledge, contribute to a resounding lack of leadership among organizational professionals.

Accordingly, strategic HR practices can be conducive to innovative activities because HR strategies may allow firms to discover and utilize knowledge and expertise in the organization (Scrabrough, 2003). However, knowledge within human capital and firm

cannot easily transfer the knowledge among individuals inside the firm (Hansen, et. al., 1999, Grant, 1996). Although a firm has access to the knowledge, skills and expertise of employees, it may need to passes good capacities in managing knowledge management tool in place to ensure effective utilization of the human capital in the development of organizational expertise for firm's performance. Knowledge management strategy is an approach to adding or creating value by more effecting leveraging the knowhow and expertise reside in individual minds. (Ruggles, 1998) and know management strategies may influence the relationship between strategic HR practices and performance (Chen and Huang, 2007).

However, employees are often unwilling or unable to share their knowledge and expertise with others because of self interest lack of skills and trust. Accordingly, it is important for firms to motivate the involvement and participation of employees through knowledge management practice. HR strategies are the primary approaches to elicit and reinforce employee's knowledge and expertise that a firm requires. (Martinsons, 1995; Collins and Clarke, 2005). Firms can use these strategic HR practices to provide employee with the skills, resources, and discretion that they need to develop that they need to develop knowledge management. Accordingly, it is critical and necessary to choose and manage right employee skills (Cunningham and Debrah, 1995) because employees' skill on organization immediately helps to create and share knowledge to perform the job efficiently which helps to contribute higher performance. So it is reasonable to contend that a higher business performance would be achieved if the good bit between KM and HR Strategies in terms of various skills exists. Thus, this research work argues that strategic HR practices and employees skills are key enabling elements for firms to increase their capacity in deploying and facilitating knowledge management tools and activities. In addition, there is no right way to organize for delivery of knowledge management much depends on the existing structure and responsibilities that already exist within an organization. For example: (a) role of the knowledge leader, and (b) knowledge management skills (TFPL, 1997). They also identify the complete set of skills needed to deliver KM is in three broad groups general business and management skills specific knowledge and information management skills and interpersonal and communication skills.

In brief, for performing efficiently a company requires that the organizational strategy should be supported by distinctive capabilities that the organizational capabilities are built upon efficient combinations of knowledge, skills, abilities and employees behavior, which can only originate from the employees. In this case, a HR strategy in terms of leadership skill, interpersonal and communication skills and professional and vocational skills with matching the knowledge management strategy. In the say that will stimulate and reinforce the different employee role behaviours appropriate for each knowledge creation and utilization for firm performance (Adhikari, 2007).

In this way, through the personnel competencies that the employee posses and apply their knowledge and expertise in the exaction of their jobs, the company's human resources become KM strategic factors for gaining and maintaining in competitive advantage. Based on above mentioned literature, it has been noted that both of these KM Strategies should reflect different drivers of their human resource. Additionally, with human KM strategy suitable for HR practices are hiring persons who like problem solving and can tolerate it, training people via one-on-one mentoring and rewarding people for directly sharing knowledge with others. Therefore, this study contend that a certain degree of alignment exist between KM strategy and HR strategy for organizational performance (Adhikari, 2007, Hsi and Yun, 2005 & Stowe, 2010)

However, the nature of knowledge and the purpose of knowledge management strategy in relation to HR strategy in terms of various skills none of the concept and approaches reviewed and empirically tested in the context of Nepalese Banking sector, but it has been exclusively used in international arena. Thus, this research work has been carried out to align KM with HR Strategies for augmenting organizational performance.

To sum up, the alignment between KM and HR Strategies for firm's performance, many researchers have attempted to identify whether relationship between KM and HR strategies and performances existed or not in the last decade.

TABLE 2.4: Research in the field of KM and HR Strategy

Authors	Major Findings
Adkhikari (2008)	KM has become a kind of strategic resources in enterprises. Therefore, the management of this strategic resource shows its strategic importance.
Currie, G. and Kerrin M. (2003)	The general human resources literature typically refers to competencies through the acronyms SKA and KSA, being subsumed and skill.
Chen and Huang (2007)	KM strategy may influence the relationship between strategic HR practices and performance.
Chen and Huang (2007)	Strategic HR practices are ken enabling elements for firms to increase their capacity in deploying and facilitating KM tools and activities for perform.
Collins and Clark (2005)	Knowledge and competences of HR as valuable assets for firm performance.
Eisenhardt and Santos (2001)	Strategic management provide alternative senses for exploring how knowledge links to strategy developments for firm performance.
Guthrie (2001)	Firm can use these strategic HR Practices to provide employee with the skill resources and discretion that they need to develop KM.
Hansen et. al. (1999)	An organizations strategy of knowledge management is not arbitrary but depends of the "way the company serves its clients, the economic of its business and the people and their skills it hires".
Huselid et. al. (1997)	Competitiveness cannot be achieved without managing performance and developing the skills and competence of employees.
Lee et al. (2005)	KM strategies and activities result in knowledge circulation process such as creation, accumulative sharing, utilization and knowledge internalization that can be leveraged for economic profit.
Martinsons (1995)	HR strategy are the primary approaches to elicit and reinforce employee knowledge and expertise that firm require.
McGee and Thomas (2007)	Knowledge as protection for competitive position critically, how expansion of the frontiers of knowledge serve as the genesis of advantage.
Porter (1998)	To complete and to gain advantage from the competition it is essential to develop the human capital base through HRD mechanism.
Ruggles (1998)	KM strategy is an approach to adding valuable by more effectively leveraging the know how reside in individual minds.
Shih and Chiang (2005)	Enough exceptions indicate that KM strategy and HR strategy are interdependent.
Stowe et. Al. (2010)	An essential determinant of organizational performance is managerial competences, such as leadership skills, interpersonal skills, communication skills, broad relations skill, fund raising skill.
Adhikari, (2010)	Complete set of skills needed to deliver KM is in three broad groups – general business and management skills, specific knowledge and information management skill and interpersonal and communication skills.
Tsang-Ho (2009)	KM is a kind of strategy that delivers the right knowledge to the right person at the right time. It can also help members share information and turn this sharing into action that improve organizational performance.
Wright et. Al (2001)	Human capital with their knowledge, expertise and skills, is a valuable resource of firms.
Zack (1999)	The strategic direction of the organization should determine the direction of the KM actively.

2.10 ALIGNMENT OF KM WITH BUSINESS STRATEGY AND HUMAN RESOURCE STRATEGY

In this research work, the focus is mainly on the terminology of fit and its related perspective in which multiple variables are united to examine the performance implication of the alignment. Various trends of KM research regarding integrated investigation of various strategies of the organization are sparse and exclusive to each other. However, few studies examine the performance implication of strategic alignment from a holistic perspective. Therefore, this research will try to make a contribution to the academic and practice on knowledge management strategic alignment by pursuing several organizational objective (i.e. Nepalese banking industry) by using the multiple perspectives of fit between KM, business and HRM strategies in terms of interpersonal and communication skills, leadership skills and vocational and professional skills.

In today's competitive world, organizations increasingly realize that knowledge management (KM) is a valuable instrument in improving performance. Through the connection of people, process and technology, knowledge management focuses on leveraging corporate knowledge and operations (Elkhatib, 2009). The current academic discussion does not offer a common view point about how to manage knowledge (Nonaka and Peltorpi, 2006), especially on how to align knowledge with firm strategy (Sawyer & Gammack, 2006). Nonetheless, leading organizations recognize the fundamental business importance of managing knowledge successfully (Martin 2001, Holsapple and Joshi, 2002) Many firms develop management tools, processes and systems to leverage the existing knowledge base of their organization (De long & Seemann, 2002). The concept of fit suggests aligning knowledge with firm strategy will positively affect firm performance (Zack, 1999; Jones, 2000). However, how to conceptually align knowledge with the firms strategy is far from clear. One problem is that the emerging field of knowledge management is approached by academic and practioners from various academic disciplines (Wigg, 1997). As a result, the understanding of the nature of knowledge and the purpose of knowledge management depend on the researcher's academic roots and philosophical research paradigms (Earl, 2001)

Academics and practitioners increasingly realize that knowledge management is not just about system applications, knowledge management encompasses the entire firm and is predominantly concerned with people, culture, technology, structure and strategy. From a practitioner point of view, the existing fragmentation and conceptual confusion often hinder attempts to manage knowledge successfully (Delong and Seeman, 2002). Therefore, it is no surprise that a survey of over 70 leading organization in European financial service industry, showed that they didn't have an explicit strategy on how to management knowledge. It remained unclear how knowledge management initiatives relate to the business strategy of these organization (Maier, 2004).

On the other hand, some studies (Zack, 1999; O'Dell and Grayson, 1999; Davenport and Harris, 2001; Clarke and Rollo, 2001) show that leading organizations from different industries manage knowledge in relation to their business strategy. These firms systematically identify, develop and deploy knowledge in view of their core business activities. These studies suggest that the most important context for guiding knowledge management initiatives is the firm business strategy for organizational performance.

To this day, only a few studies have explored the alignment of knowledge management within firm's business strategy (Zack 1999; Asoh, 2004; Halawi, Mc Carthy & Aronson 2006; Sawyer and Gammack, 2007; Shih and Chiang, 2005; Granier et. al., 2007, Asoh, Belardo & Duchessi, 2008). However, these studies are marked by notable conceptual difference depending on the understanding researcher have about the nature of knowledge and the role of knowledge management in the firm's activities for firm's performance.

The strategy of an organization describes the way it will pursue its goals given the threats and opportunities in the environment and its resources and capabilities (Rue and Holland, 1989) Corporate level strategy relates to the product/market choices of a firm. Business level strategy defines how it will deploy its resource in a given product/market area vis-à-vis its competitors (Hatten, et. al., 1978). Business level strategy is a powerful predictor of other organizational phenomenon and perhaps the most useful stream of research for practitioners is the empirical examination of its relationship with organizational performance. An effective strategy will provide

sustainable competitive advantage to an organization resulting in superior performance (Oosthuizen, 1997). However, this can be achieved only if the business strategy matches properly with knowledge management strategy (Asoh, 2004).

Strategic management literature suggests that a successful firm's strategy and structure must be favorably aligned with its knowledge strategy. It is believed that strategic management provides alternative uses for exploring how knowledge links to strategy development (Eiscnhardt and Santos, 2001).

Everybody discusses knowledge management, but how can it be used and how can we successfully apply it?" The question from a company representative has its roots in a practical problem experienced by many organizations that are seeking to understand and deploy knowledge management (KM) for their business. Knowledge management has generated a lot of interest within the last years (Alavi and Leidner, 2001). In the strategic management literature, the knowledge-based view of the firm shifts the focus on the resource knowledge and proposes that knowledge is the most important resources in creating a sustainable competitive advantage (Kogut and Zander, 1992). However, not all knowledge management activities have been shown to positively influence business performance or to result in a competitive advantage. Many parameters and their interactions need to be considered for the successful application of knowledge management initiatives in an organization. For example, different knowledge management strategies and practices were proposed to be adequate for different types of knowledge. However, the selection of a suitable strategy not only depends on the type of knowledge to be shared but also on the organizational environment the organization operates in. Depending on the business strategy a different knowledge management strategy is more or less adequate and result in a positive business performance. Our objective is to study the nature of the relationship between business strategy and its potential impact on competitive advantage. (Greiner, et. al., 2007)

Therefore, according to Abou-zeid (2003) makes an important contribution to the concept of strategic alignment in the KM field. Based on the original finding, he propose a KM strategic mode, in which the IT strategy is replaced by the knowledge strategy with an underlying argument: "effective and efficient use of organizational knowledge requires the alignment of knowledge strategies with business strategies". It

is his thought that business strategy or knowledge strategy can be seen as a balancing act between the external and internal domains, which contains opportunities/threats and capabilities/arrangements, respectively.

The other important resource in the KMSAM field is done by Asoh (2004). Drawing on Abou-zeids (2003) and Shih & Chiang (2005), Granier et al. (2007) and Yuan Sun and L. Ju (2009) study of KMSAM. They propose a model where in business strategy and knowledge strategy are co-aligned. The result of this empirical study indicates that business strategy and knowledge strategies and their alignment indeed play a key role in organizational performance.

According to the above mentioned discussion, strategic alignment between business and Knowledge management strategies is a critical issue in an organization (Graneir et. al., 2007). However, few studies empirically address the issue of strategic alignment in the KM field. This is what Asoh (2004) called "the missing link in knowledge research" (P. 39). Despite the limitation of research regarding strategy related alignment of KM, some researches have begun to look at the impact of situational influence of contextual factors on organization. For example (Fernandez and Sabherewal, 2001 and Yuan Sun and Ju, 2007), taking the perspective of contingency theory, consider that the impact of KM process on KM satisfaction is moderated by the nature of sub-unit task being performed.

In the field of previous literature, it is reasonable to expect that, in order to facilitate the implementation of KM and achieve corporate objectives, KM strategy should comply with company strategy (Nonaka and Takeuchi, 1995; Nahapiet and Goshal, 1998; Ulrich, 1998). While KM is regarded as useful tool in implementing company strategy, researcher has not found many theoretical as well as practical studies linking KM strategy with present understandings concerning company strategies in Nepalese Banking Sector.

From the concept of "fit" and the classification of KM strategy as "personalization" versus "codification" (Hansel et. Al., 1999), as discussed in the previous section, we think such a classification corresponds well with a well-known business strategy category purported by Porter (1980). Under Porter's famous taxonomy as "cost leadership" and "differentiation" strategies, the former refers to an organization

pursuing production efficiency and economy of scale. Companies adopting such a strategy tend to manufacture standardized products to lower unit production cost. In terms of KM strategy, such companies will emphasize the re-utilization of knowledge to lower the cost of providing per item of information. Such companies will invest heavily in installing large scaled database and will attract clients with lower charged fees to obtain a larger market share. Under a cost leadership strategy, the KM strategy of such firms will look more similar to a "codification KM strategy".

On the other hand, if a company adopts differentiation strategy, it will tend to produce differentiated or customized products to satisfy particular customer needs. KM strategy in such firms will emphasize interactions among organizational member as well as the creation of new knowledge. Instead of investing heavily on standardized database infrastructure, such companies will put more emphasis on establishing interpersonal connections; they will also encourage communication as well as brainstorming among organizational members. Such practices resemble "personalization KM strategy" (Shih and Chiang, 2005)

Finally, it is critical for business to discern what kinds of skills or capabilities they owned and further, how to create the resources that are valuable, rare and difficult to imitate or substitute (Barney, 1986, 1991). Knowledge has been regarded as a significant resources more important than often physical assets (e.g., land, labour and capital, etc.) in the post capitalist society in the new era of complex and rapidly changing environment, therefore, knowledge management (KM) is considered a pressing issues, as corporations have found that knowledge is the critical organizational asset and strategic resources that gives a basis for competitive advantage (Yuan Sun and Ju, 2007).

It has been realized that research regarding integrated investigation of various strategies of the organization is sparse in the practical terms, the basic alignment mechanism is "strategy and it is though that a match between strategy and organization is key to effectiveness in realizing intended strategies evidences show that an absence of proper strategic alignment may cause organizations organization inability to realize sufficient value from Tangible and intangible resources (Shih & Chiang, 2005). Alignment is not only a great contribution to potential capabilities of an organizational infrastructure, but also significant positive direct effect on organization performance.

Knowledge management is the formulation of and access to experience knowledge and expertise that create new capabilities, enable superior performance, encourage innovation and enhance customer value (Beckman, 1997). KM is a strategy that turns on an organization's intellectual asset that is harnessed for greater productivity, new value and increased competitiveness. It encourages cooperation between managers and employees and teaches, how to produce and optimize skills as a collective entity. Strategic HR practices can be conducive to innovative activities because HR strategies may allow firms to discover and utilize knowledge and expertise in the organization. Therefore, the strategic alignment between KM and HR strategies for managing business activities must be considered for organizational performance which can be measured by profitability and growth (Yuan Sun and Ju, 2007)

Based on knowledge-based view of organization, Bierly and Daly (2002) think that for each type of knowledge strategy there should be internal consistency between strategic actions and other organizational practices and systems. They present a theoretical framework to show that a firm can enhance its knowledge base and thereby positively affect organizational performance by the congruency between HRM practices and knowledge strategy. In this way, taking knowledge orientation as a strategy, shows that both knowledge and strategic orientations are influenced by business environment. This implies that the alignment between KM is an antecedent for predicting organizational performance.

Similarly, Adhikari (2008) makes an important contribution to the concept of the development of skills and competencies of employees for organizational performance. He presents a theoretical framework to show that a firm can enhance its knowledge base and thereby positively affects organizational performance by the development and effective uses of employee skills and competence such as leadership skills, interpersonal and communication skills and professional and vocational skills). In the era of globalization, a firms competitiveness depends on its capacity to manage performance through the development of employee skills and competence. Additionally, as Jasimudin, (2008) has found, effective management of knowledge is becoming a critical ingredient for organizations seeking to insure sustainable strategic competitive advantages. So in the knowledge based economy competitiveness is increasingly based upon access to knowledge in the form of skills and capabilities.

Furthermore, IM and Raven (2003) propose a KM's performance fit model, indicating that the fit between task characteristics and KM's characteristics determines the impact on performance by individuals and groups However, Shih and Chiang, (2005) speculate through an empirical study whether or not the relationship between corporate strategy and human resource management and KM strategies exist. Taking 147 large companies in Taiwan as survey samples, they find that the relationship between corporate, KM and HRM strategies in organizations play a key role in moderating the relationship effectively. HRM practices can improve employee performance and enhance company's core competitive advantages and organizational perforces are influenced by the alignment between KM strategy and HRM strategy.

Stowe, at. el., (2010) makes an important contribution on to the concept of strategic alignment in the KM field. They find that without formal preparation for management and responsibilities, as well as lack of skills, such as leadership skills, interpersonal and communication skills and vocational and professional skills managers on the part of frequently mis handle employee and organizational issues, which cause both managers and the employees to become discouraged at the work place, which ultimately affects organizational performance. This has severely affected the management of relationship the clarity of communication, the ability to create working environments and excellence in practices.

Therefore, based on earlier mentioned literature, enough exceptions are found to indicate that business and knowledge management strategies (Asoh, 2004 & Greiner et. al., 2007), as well as human resource strategy in terms of interpersonal and communication skills, leadership skills and vocational and professional skills (Adhikari, 2007, and Stowe, et. al., 2010) are interdependent and influences on organizational performance.

The importance of business strategy for effective KM activities in relation to HR strategy in terms of interpersonal skills, communication skills, vocational and professional skills and leadership skills has been considered for organizational performance (Adhikari, 2007). A knowledge worker depends on an internal supply of recent organizational knowledge, but it is also feeding knowledge into the organization. So the importance of the business strategy for effective KM activities in relation to HR strategy (in terms of interpersonal skill, vocational skill, communication and leadership

skills has been consider for organizational performance because these skills immediately help to create and share knowledge to perform the job effectively and efficiently which helps to contribute higher performance (Adhikari and Gautam and Davis, 2007).

Therefore, the strategic alignment between KM for managing business activities must be considered for business performance (Asoh, 2004 and Greiner et. al., 2007). In other words, it is critical and necessary to choose and manage right employee skills for different KM strategies (Stowe, et. al., 2010). So it is reasonable to contend that a higher business performance would be achieved if the strategic alignments between KM, business strategies (Asoh, 2004, Shih & Chiang, 2005 and Greiner et. al., 2007) and HR strategy in terms of various skills (Stowe, et. al., 2010) such as interpersonal skill and communication skills, leadership skills and vocational and professional skills are well conducted and aligned. Consequently, this research work will assume that there is something unique in an effective organizations, i.e. KM, business and HRM strategies must be aligned for achieving higher organizational performance.

The match of business and KM strategies is an important concern for executives. However, business and knowledge management strategies (Asoh, 2004), as well as human resource management strategy in terms of their competence (i.e. interpersonal skill and communication skills, leadership skills and vocational and professional skills) are indispensable for organization performance. (e.g. Shih & Chiang, 2005 and Stowe et. al., 2010).

In brief, knowledge is a key input factor in the production of financial products and services supported by extensive deployment of business strategy. Knowledge management initiative seeks to understand how to manage knowledge to achieve the defined strategic objectives of the firm based on the above mentioned views. The importance of alignment between KM and business strategies is noted. Knowledge management strategies are necessary for facilitating the working environment in organizations. KM initiatives help organization to determine how to align knowledge resources and capabilities in order to boost their business strategies for achieving competitive advantage.

So, the fit between knowledge management strategies and business strategies is a linchpin in improving corporate performance in terms of economic benefit and industry value. Furthermore, key resource of the knowledge-based firm is the firm's knowledge base represented by its experience and skilled workforce, which transforms knowledge into innovative products and services, superior routines and capabilities and ultimately in increased productivity and economic profits.

In considering the relationship between KM and HRM strategies, in the literature of KM shows that human capital is becoming more important than economic capital in today's knowledge society. KM operation and HR strategy implementation depends on staff capabilities because employee skills and capabilities add value.

Therefore, based on this findings, a discussion on the strategic alignment perception in the field of KM has been presented. This alignment has identified different perspectives for the KM strategic alignment, including the alignment between knowledge management strategy (i.e. personalization and codification) and business strategy (i.e. cost leadership and differentiation) and HR strategy in terms of interpersonal and communication skills, leadership skills and vocational and professional skills.

A KMSA research model has been introduced in this research work as the basis of this study, which provides framework for and discussion about KM, business and HR strategies and how they are inter-related in the conceptual research model. In Nepal, there is no other systematic exploration of the position of alignment of KMs with business strategy and KMs and HR strategy and their impact on overall organizational performance in Nepalese Commercial Banking Sectors. Similarly, it is still not clear under what conditions KMs are developed and adopted by Nepalese firms; what the relationship is between KMs and organizational performance. In relation to business and HR strategies (in terms of interpersonal and communication skills, leadership skills and vocational and professional skills), and what potential factor may influence the implementation of KM, business and HR strategies in a Nepalese organization. Therefore, considering these things in the research work has been carried out in the above mentioned areas, especially in Nepalese banking sectors. In this context, in order to examine KM, business and HR strategy for organizational performance, the researcher develops conceptual/measurement model for this present research work and this model fills the gap in Nepal.
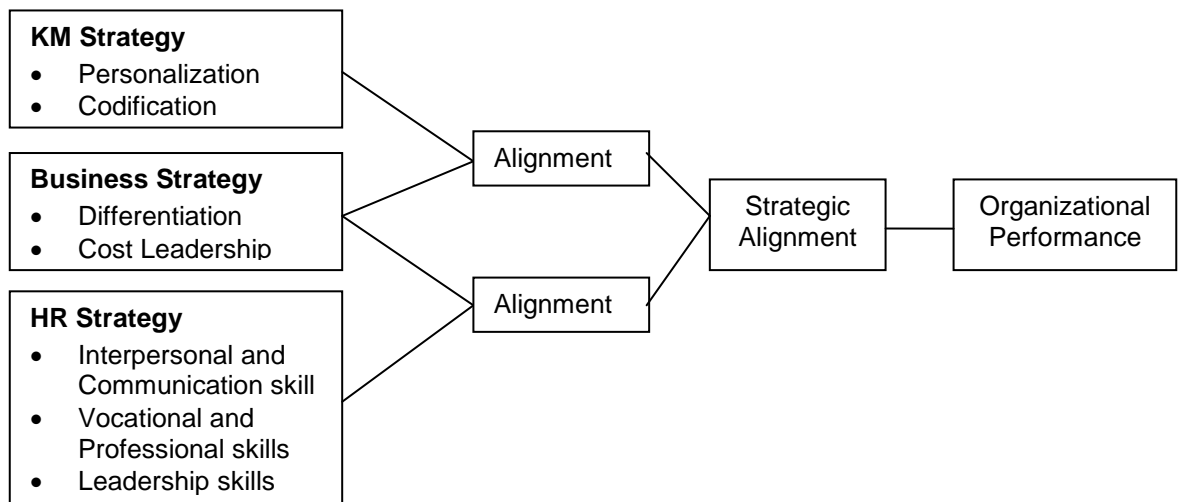
FIGURE 2.5: The Strategic Alignment Model

TABLE 2.5: Summary of Previous Research on alignment on the field of "KM"

Author	Definition	Concept
Clourides, et. al; (2003)	KM encompasses the entire firm and is predominantly concerned with people, culture, technology, structure and strategy	Harmony
Jones (2000)	Aligning knowledge with firm strategy will positively affects firm performance.	Alignment
Holsapple and Joshi (2002)	Organizations recognize the fundamental business importance of managing knowledge successfully	Linkage
Strassmann (1998)	A process or act of joining, uniting or integrating the fusion creates an integrated strategy that changes depending on the changes in internal and external environment conditions.	Fusion
Asoh (2004)	Business strategy and knowledge strategy are co-aligned. Because their alignment indeed play key role in organizational performance	Alignment
Abou-zeid (2003)	IT strategy is replaced by the knowledge strategy with an underlying arguments effective and efficient use of organizational knowledge requires the alignment of knowledge strategies with business strategy	Alignment
Granier, et. al. (2007)	Depending on the business strategy a different knowledge management strategy is more or less adequate and result in a positive business performance.	Fit
Nonaka and Takeuchi (1995)	In order to facilitate the implementation of KM and achieve corporate objective, KM strategy comply with company strategy.	Co-ordination
Yuan Sun and Ju., (2009)	Business and Knowledge Strategies are co-aligned and their alignment indeed play key role in organizational performance	Alignment
Shih and Chiang (2005)	Alignment is not only great contribution to potential capabilities of an organizational infrastructure but also significant positive direct effect on organizational performance	Alignment
Beckman (1997)	KM is a strategy that turns an organizations intellectual asset both record information and the talents of its members into greater productivity.	Integration
Murray (2000)	HR strategies may allow firms to discover and utilize knowledge and expertise in the organization.	Fit
Scrabrough (2003)	For managing business activities, relationship between KM and HR strategies for organizational performance must be consider.	Alignment
Bierly and daly (2002)	Knowledge strategy, there should be internal consistency between strategic actions and other organizational practices and systems	Linkage
Truch and Bridger (2002)	Firm can enhance its knowledge base and thereby positively affect organizational performance by the congruency between HRM practices and knowledge strategy	Relationship
Jasimudin (2008)	The strategic alignment occurs when a comp0any has harmonized its overall strategy and its skills and capabilities.	Harmony
Adhikari (2009)	Firm can enhance its organizational performance by the regular development and effective uses of employee skills and competence.	Co-ordination
IM and Raven (2003)	Fit between task characteristics and KMs characteristics determines the impact on performance by individual and groups	Fit
Shih and Chiang (2005)	KM strategy and HRM strategy in organization play a key role in moderating the relationship effectively	Relationship
Stowe, et. al., (2010)	Without formal preparation for management and responsibilities, as well as lack of skills managers learn by trial and error and this frequently mis-handle employee and organizational issues.	Alignment
Adhikari, (2007)	HR strategy (interms of various basic skills) has been consider for organizational performance. These skills in organizational immediately help to create and share knowledge to perform the job effectively.	Co-ordination.

2.10.1 KM and Organizational Performance

In this competitive edge, the globalization of financial markets has forced organizations to be knowledge-based and be more efficient in managing knowledge in their organizational settings. Knowledge management is the concept in which an enterprise consciously and comprehensively gathers, organizes, shares and analyzes its knowledge in term of resources, documents and people skills (Lyons, 2000; Ali and Ahmad, 2006). Therefore, it is of critical importance to discern what kinds of skills and capabilities they own and how they create the resources that are valuable. Knowledge management (KM) is considered a pressing issue, as organizations have found that knowledge is the critical organizational assets and strategic resources that give a basis for competitive advantages.

In order to gain competitive advantage, an organization needs to capitalize on what it knows and needs to align its strategic goals and the strategies of KM (Snyman and Kruger, 2004; Hansen, et. al., 1999). However, have drawn attention to the importance of the alignment between business and KM strategies at both strategic and operational level. The correlation between the KM methods and new product development reveals that the integration of the internal and external knowledge in the organization and in maintaining good management will lead to a positive effect on new product development performance (Lee, et. al., 2005), profitability and growth (Yuan sun and L. Ju), economic benefit and gaining market share, productivity and motivation and commitment (Wolfgang, 2009).

Seeley (2002) has stated that when an alignment between the knowledge and the business strategies is clearly established, the KM system is moving in a direction that holds promise for long-lasting competitive advantage (Snyman and Kruger, 2004). Snyman and Kruger (2004) and Tiwana (2002) have argued that organizations may lose many opportunities by the misalignment between the business and knowledge strategies. Thus, organizations may fall into the trap of attempting to explicate knowledge that is not explicable and failing to explicate knowledge that should have been converted from tacit to explicit (Tiwana, 2002). While studies such as those by Zack (1999a, 2002a, b) and Smith and McKeen (2003) provided a theoretical perspective on the influence of KMBSSA on performance, there have been many other empirical studies to assess this impact. For instance, Asoh (2004), and Shih and Chiang

(2005) have examined the impact of KM alignment using two different dependent variables, organizational performance and KM effectiveness, respectively. Organizational performance includes four items used to measure firms' service quality, ability to satisfy customer target, sales growth and profitability figure. The finding of their studies has presented evidence suggesting that alignment of KM is profitable and that it helps to secure better organizational performance. A survey of 200 organizations conducted by Maier and Remus (2002) has also revealed that the greatest benefits concerning the relationship of KM initiatives to business goals are expected to be in areas like customer satisfaction, speed of innovation and productivity.

Performance management potentially makes the most significant contribution to individual and organizational learning which helps to raise organizational efficiency and promote growth (Huselid et al., 1997). The organizational performance is measured by three factors such as machine efficiency (equipment utilization and scrap minimization) customer alignment (product quality, on time delivery) and employee productivity (employee morale and employee productivity). Retaining employees whose knowledge has high competitive value is becoming a critical and well recognized challenge (Delong, 2004 cited in Nelson and Mc Cann, 2010). Turnover can have negative effects on a firm's performance. Therefore, it is found that strategic human resource practices and strategic orientation impacts knowledge worker retention and organizational performance and employee retention and customer satisfaction (Elkhatib, 2009)

KM leads an organization to deliver right knowledge to the right person at the right time. It helps employees share knowledge and further improve organizational performance (Lee et al., 2005), as well as create values for employees customer and shareholders (Clare and De Jore, 2000). KM is the critical factor that determines success in customer relationship management and it also beneficial for creating customer values. Efficient customer relationship management can improve customer satisfaction and loyalty (Fickel, 1999).

Human Capital is becoming more important than economic capital in today's knowledge society, KM systems can improve a company's' operational process. Therefore, the performance indices that can be considered include the frequency of solving operational obstacles and the understanding of customer needs (Wu, 1998), provide better solutions for decision making process (Boomer, 2004). Knowledge and

skill affect an organization's innovative and research capability. When knowledge is delivered and distributed freely in an organization, its potential values will appear eventually. It's knowledge can be applied appropriately based on HR policies and practices or new knowledge can be created substantially. It only improves productivity but it also inspires creativity (Davenport and Prusak; 1998). Once the knowledge is efficiently integrated and utilized, it can improve organizational innovation as well as strengthen vision. KM implementation also contributes to the improvement of product process efficiency, product quality, process flexibility and reduce process circulation time (Bassi, 1997; Frey, 2001; Hollander and Mihaliak, 2002; Boomer, 2004; Tsang Ho, 2009)

KM operation shows that organizational vision leads to knowledge creation and creation leads to organizational vision (Tsang Ho, 2009). Therefore, human resource is the most important part. It is crucial for creating organizational knowledge (Davenport and Prusak, 1998) effective KM depends on staff capabilities. Therefore evaluation can focus on employee capabilities and added value (Niven, 2003).

In brief, the literature of KM shows that KM has gradually become an important asset for organization and the performance evaluating system should be modified accordingly. It is found that an organization which has high quality fit in KM and business strategies achieve high degree of organizational performance and satisfaction more frequently than the low quality fit on either dimensions or both. In addition, It is also noticed that effective KM initiative alone cannot lead to success without the support of human resource strategy in terms of skills and capabilities in attaining organizational performance. Therefore, the strategic alignment between KM and HR strategies for managing business activities must be considered for business performance. This realm of research is growing and consistently demonstrates the relationship between KM, business and HR strategies, which are interdependent with respect to the measurement of organizational performance. Therefore, it is critical and necessary to construct a organizational performance index.

TABLE 2.6: Summary of Research associated to KM and Organizational Performance.

Authors and Year of Publication	Performance Index
Lee, et. al., (2005) and Yuansun and L. Ju (2009)	New product development, profitability and growth
Al. Mmary, (2008) and Wolfgang, (2009)	Economic benefit; gaining market share, productivity employee motivation and commitment
Huselid, et. al; (1997)	Significant contribution to learning, efficiency and growth
Lingg, (1966)	Machine efficiency, product quality and employee productivity
Maier and Remus (2002)	Improve customer satisfaction, speed of innovation and improve productivity.
Dclong, (2004) and Nelson and Mecanni (2010)	Worker retention and customer satisfaction.
Nelson and Mecann (2010)	Worker retention and customer satisfaction
Clare and De Tore (2000)	Create value for employee, customers and shareholders.
Fickel (1999)	Customer satisfaction and loyalty
Moore, et al; (2001) and Niven (2003)	Consumer profitability, increase in profitability return on investment (RDC)
Cooper and Kleinschmidt (1987)	Meeting profit and sales goals and profitability of New product compared to other product.
Davenport and Prusak (1998)	Productivity and creativity innovation and strengthen organizational vision.
Frev (2001)	Yield, product quality, process flexibility and reduce process circulation time.
Niven, (2003) and Boomer (2004)	Increase employee capabilities and added organization value.
Asoh (2004) and Shih and Chiang (2005)	Firms quality ability to satisfy target customer and profitability figure.
Collins and Clarke (2005)	Increase market share value and sales growth
Guest, et al. 92003); Huselid et. al., (1997); and Paul and Anantharaman (2003)	Increase sales and employee commitment, customer satisfaction.
Bhatt, et. al.; (2002); Chang and Che (2001); Guest et. al. (2003) and Huslid (1995)	Employee retention and turnover, high commitment and add values.
Youndt et. al (1996) and Chen and Huang (2007)	Productivity, product quality efficiency
Lee and Miller (1999)	Return on investment (R01). Return on assets (ROA) and Return on Economic (ROE).

CHAPTER THREE
RESEARCH METHODOLOGY

3.1   BACKGROUND

This chapter describe the methodology adopted and tools used to describe, compare and explore the relationship among knowledge management, business and HR strategies. In addition, this chapter also discusses the perceived contribution of alignment among these variables for organizational performance. The chapter consists the method and discusses the research design, the population and sampling plan, instrumentation, procedures of data collection, methods of data analysis and the test statistics used in the study. Finally, the chapter presents an evaluation of the research methodology regarding reliability and validity of this research work.

Basically, it follows a descriptive-cum-exploratory study that has the texture of survey research to attain the stated research objectives of this study. The major part of the work uses quantitative method to empirically test the research questions, which are stated in this study. It has further included the employees as respondents having managers and higher than this post to the directors level including general managers and CEOs who are working in public, private and joint venture Nepalese commercial banks. Moreover, the chapter explains the way in which the constructs in the research model discussed in the previous chapter one.

3.2   RESEARCH DESIGN

The research method adopted is a descriptive-cum-exploratory design. This research is a survey-based, selects sample of officers from Nepalese commercial banks and uses it get answer of the research questions and test the hypothesis. The research instruments used in this study consist of opinion surveys containing close end questions for data collection from the CEO, senior officers, general managers, branch managers, human resource manager and IT chief comprising of officers level who are respondents for this research. The research design adopted in this study is in line with the research of Porter (1980); Hansen, et. al., (1999); Asoh, (2004); Shih and Chiang (2005); Granier, et. al., (2007); Stowe, et. al., (2010) and Jiang, et. al., (2013). For this a number of literature has been reviewed to notice how the KM, Business and HR Strategies in terms of

employee skills are organized and how the alignment approach among them is attained and to identify its impact on organizational performance based on ownership types.

Based on ownership patterns, Nepalese Commercial banks formed of public (government-owned), Private Banks and Joint Venture Banks are selected on stratified sampling basis and sample organizations have been selected on the basis of 5 years or more than 5 years of their establishment periods. Therefore, the decision to exclude banks with less than 5 years age has been made on the basis that a small organization does not have the equal need for knowledge management strategic practice in relation to business and HR strategies in terms of leadership skills, interpersonal and communication skill and professional and vocational skills as larger organizations have. Therefore, the research instruments used in this study consist of a questionnaire opinion survey to collect data from potential respondents. In addition, for using descriptive statistics, frequency distribution, measure of central tendency, T-test and F-test have been used to answer the first and second objectives about the existing practice and the position of the Nepalese commercial banks. In relation to the practice of KM, business and HR strategies in Nepalese commercial banking sectors, a correlation (explanatory) research design using a multiple regression has been used to test and set answers to the third and fourth objectives. Multiple regression, correlation and two way Anova have been used to test and get answers to the fourth and fifth objectives in relation to the organizational performance.

3.3   POPULATION AND SAMPLING

3.3.1   Population

A target population is the entire group of people events, or objects that the researcher wishes to study (Sekaran et. al; 2001) An executive is a senior manager in a company or organization whose job is to make and to implement major decision (MSN Encarta dictionary, 2006). Executives play key roles in knowledge management and they have strong understanding of the organizational characteristics and environment in relation to the business and HR strategies. Therefore, the target population for this study was officer level staff in Nepalese commercial banking sector. Basically, the population of this study are entire Nepalese commercial banks during the period of survey from August 2012 to February 2013. There were 32 commercial banks which were in

operation during the period, that possess at least five years or more of experience in its operation. This study considers organization (i.e. commercial banks) as a unit of analysis for collection and interpretation of data. It must be kept not only in mind that industry in terms of both business volume and assets in Nepal but also a growing sectors. For this, among 32 banks, 21 banks were visited personally and met with officers to fill up the questionnaire. Out of 421, only 301 questionnaire were received and all of them were usable. Therefore, the overall potential response received has been 71.49 percent of the total population which reflects a fair representation of the research population.

In this study, the accessible population was limited to "executives" or officer level" from the commercial banking sectors in Nepal. In addition, all commercial banks incorporate public (semi-government) and private sectors (i.e. joint venture and non-joint venture) were considered as population. It is because the banking sector is the emerging industry in Nepal and the successful industry as well. Therefore, the competitiveness has become one of the essential requirements that are to be obtained through the alignment between knowledge management, business and HR strategies. Out of 421 respondents, 307 responses were achieved and 6 questionnaire from 307 had to be eliminated due to doubts about the reliability of the questionnaire. So, out of 421 only 301 were used in this study as they were in usable form.

3.3.2 Sample size

Sample organizations and participants are selected on a purposive convenience sampling technique. Purposive convenience sampling attempts to obtain a sample that reflects a fair representation of the population. Due to the time constraints, the accessible population was limited to "officer level staffs" from Nepalese commercial banking sector. Purposive convenience sampling has been exploited as a most effective and advantageous technique for to this study.

The survey research has targeted a sample of male and female executives and/or officer level staffs who have worked in the Nepalese commercial banks for a minimum of five years. In Nepal, banks are categorized on the basis of pattern of ownership and government involvement. This study basically considers three types of commercial

banks of Nepal, namely, semi-government owned (public), joint venture and private banks.

Public banks are those which have major stake and high degree of government involvement whereas joint venture counterparts are those in which two or more than two countries peoples' or companies i.e. involvement of local people or companies with foreign people or companies, participate in operating the banking activities. The private banks are those in which government share and foreign people companies share are not directly involved. Therefore, based on ownership pattern, only 21 commercial banks have been taken as sample that comprises of 3 public banks, 12 private banks, and 6 joint venture banks. For the confidentiality of banks' strategic information hypothetical names of the commercial banks have been coined as A_1, A_2 and A_3 for 3 public banks and B_1, B_2, B_3, B_4, B_5, B_6, for six joint venture banks and C_1, C_2, C_3, C_4, C_5, C_6, C_7, C_8, C_9, C_{10}, C_{11}, C_{12} for twelve private banks.

TABLE 3.1: The composite table of sample firms, respondents and response rates.

Particulars	Public		Private		Joint Venture		Total
	No.	%	No.	%	No.	%	
Number of Sample Firms	3	14.29	12	57.14	6	28.57	21
Number of Respondents	44	14.62	166	55.15	91	30.23	301
Male Respondents	31	15.58	108	54.27	60	30.15	199
Female Respondents	13	12.75	58	56.86	31	30.39	102
Questionnaire Distributed	64	15.2	242	57.48	115	27.31	421
Number of Questionnaire received	44	14.62	166	55.15	91	30.23	301
Non-Response	20	10.05	76	38.19	24	11.06	199

The sample banks were selected on stratified basis of on purposive convenience sampling technique rather than the random sampling were focused. A total of 301 questionnaire will be received out of 421. The sample finally incorporated 21 organization and 301 respondents (44 public, 91 joint venture and 166 Private Banks. The final sample has a statistical margin of error of ±5.7 percent with a 95 percent confidence internal. Finally, sample size of this study includes organization as a unit of analysis for collection and analysis of data.

TABLE 3.2: Respondents Profile

Number of Banks	Ownership Pattern	Position of Respondents						
		CEO	GM	Dept. Head	Sen. Officer	Officer	Total	%
3	Public	1	2	6	10	25	44	14.62
12	Private Bank	8	10	31	53	64	166	55.15
6	Joint Venture	3	7	15	29	37	91	30.23
	Total	12	19	52	92	126	301	100
	%	3.99	6.31	17.28	30.56	41.86		

In regard to respondent profile, junior officers followed by senior officers are major participants filling in the questionnaire. Similarly, private non-joint venture banks followed by private joint venture banks are the major participants obtained as sample having 55.15% (Private Banks) and 30.23% (Joint Venture) banks in Nepal. Therefore, out of total sample organization 14.62 percent data obtained from Public Banks, 55.15 from Private Banks. Similarly 3.99 percent respondents were the CEOs of sample organization. In addition, the views of 6.31 percent of General Managers, 17.28 percent of Department Heads, 30.56 percent of Senior Officers and 41.86 percent of Junior Officers have been obtained as potential responses of this study.

3.4   QUESTIONNAIRES DEVELOPMENT AND DESIGN

The primary data collection method for this study is structured questionnaire. The structured questionnaire has been used as a research instrument for data acquisition from the officer level staff. Infact, an investigation of the concept of strategic alignment in the field of KM with business and HR strategies in the context of the Nepalese commercial Banks depends on testing the research objectives and hypotheses to provide a whole view of the research model. Therefore, out of 32 listed commercial banks in Nepal, 21 banks are visited personally for a meeting with officer level staff to fill up in questionnaire. Out of 421, only 301 questionnaire were received and all of them have been usable.

Questionnaire items concerning business, KM, HR strategies and organizational performance are based on a comprehensive review of the previous research. A panel of experts, including senior scholars and professional managers in the respective fields

have helped to ascertain the adequacy of the wordings in questionnaire. For this, A five point semantic differential agreement/disagreement scale was anchored with 1 = strongly disagree to 5 = strongly agree. A high score indicates a strong agreement on this item and a low item score indicates a strong disagreement.

Questionnaire design is one of the most critical stages in the research process (Al-Ammary, 2008). Good questionnaire design should focus upon areas such as the wording of the questions, the variable measurement and general appearance of the questionnaire (Sekaran, 2001). Therefore, the questionnaires used simple English language to approximate the likely understanding level of the respondents. Moreover, ambiguous, double barreled, lending and loaded questions were also avoided where it was possible to minimize confusion and bias in responses. Furthermore, to give respondents a consistent understanding of what KM, business and HR strategies is a definition of these terminologies and other related topic such as organizational performance were included in the questionnaire. The definitions were based on the available definitions figuring in the literature.

The entire structured questionnaire has five sections. The first section questions were asked for demographic information such as, name, organization, age, sex, qualification, current position, work experience and division/unit. In addition, the second, third, fourth and fifth sections were related with the details of KM strategy (and its factors such as cost leadership and differentiation strategy). KM strategy and its factors such as KM codification and personalization strategy, HR strategy and its 3 factors such as leadership skills, professional and vocational skills and interpersonal and communication skills and organizational performance included in job satisfaction, commitment, individual competence and market and financial performance. Respondents were assured to indicate the extent to which they agreed or disagreed with each statement by using in a five-point likert-scale.

3.5 MEASUREMENT OF INDEPENDENTS AND DEPENDENTS VARIABLES

Based on presently available literature, in order to analyze the level of strategic alignment for organizational performance in the field of KM, questionnaires were distributed to the banks consisting of mainly four parts. Business, KM, HR strategies

and organizational performance. Full text of these questionnaire items are listed in the appendix Table Al. The following sections discuss each measurement in detail.

PART I: Business Strategy (Descriptive)

Part I of the survey is business strategy, measured by the 12 item on the scale adapted from Porter (1980); Dess (1989); Seger (1989); Shih and Chiang (2005); Granier, et. al., (2007). The instrument consists of two dimensions including cost leadership (4 items) and differentiation strategies (4 items). A five-point semantic differential, agree/disagree scale was anchored with 1 = highly disagree to 5 = highly agree. A low item score indicates high disagreement on this item and a high item score indicates a highly agreement on this item. In addition, in this study, a coefficient alpha as an estimate of internal consistency reliability has been conducted for this scale. Coefficient alpha values obtained relate to 71 (general questions of business strategy), scores 62 (cost leadership strategy and 75 (differentiation strategy), exceeding the minimum standard of 0.60 of Mohapatra (1993) and 0.70 of Nunalis (1978) thereby providing a good estimated reliability and a sufficient to internal consistency.

PART II: Knowledge Management Strategy

Descriptive

Part II of the survey is knowledge management strategy measured by the 21 items on the scale adapted from Hansen, et. al., (1999); Zack (1999); Shih and Chiang (2005), Granier et. al.; (2007). The instrument consists of two dimensions including KM codification (8 items) and KM personalization strategies (6 items). For this, a five-point semantic differential *agree/disagree* scale anchored with 1 = highly disagree to 5 = highly agree. A low item score indicates high disagreement on this item and a high item score indicates a high agreement on this item. [In addition, in this study, a coefficient alpha values obtained scores 0.86 (general questions of KM strategy), 0.80 (KM codification strategy) and 0.85 (KM personalization strategy), exceeding the minimum standard of 0.70 (Nunallis (1978) thereby providing a good estimated reliability and a sufficient to internal consistency.)

PART III: Human Resource Strategy

Part III of the survey is human resource strategy measured by the 30 item on the scale adapted from Connigham and Debrah (1995); Rampersad (2002); Adhikari (2008); Stowe, et. al., (2010). The instruments consist of one domain and three supporting dimension such as HR strategy (15 items); sub-dimension leadership skills (10 items), interpersonal and communication skills (7 items), and professional and vocational skills (8 items). For this, a five-point semantic differential agree/disagree scale was anchored with 1 = highly disagree to 5 = high agree. A low item score indicated high disagreement on this item and a high item score indicates a high agreement on this item. In addition, in this study, a coefficient alpha value obtained scores 0.857 (general questions of HR strategy), 0.93 (leadership skills), 0.668 (interpersonal and communication skills) and 0.882 9professional and vocational skills), exceeding the minimum standard of 0.60 of Mohapatra (1993) and 0.70 of Nunalis (1978) and thus providing good estimated reliability and suffice to internal consistency.

PART IV: Organizational Performance

Part IV of the survey is organizational performance measured by the 25 items on the scale adapted from a series of questionnaire items similar to those of the study. For this mainly four issues of organizational performance are measured in order to find out the perceived contribution of strategic alignment between KM, business, HR strategies and organizational performance measured in job satisfaction (Ramprasad, 2002; Delong (2004); Guest et. al. (2003); Godard (2001); Commitment: (Wolfgarg (2009); Storey (1997); Individual Competence (Huselid et. al. (1997); Ramprasad (2001); Devenport & Prusak (1998); Niven (2003); Boomer (2004); Bhatt, et. al. (2002); market and financial performance (Becker and Huselid (1998); Collins and Clark (2005); Lee, et. al. (2005); Yuansun and Ju (2009); Moore et. al. (2001); Niven, (2003); Shih and Chang (2005); Youndt et al (1996); Boomer (2005); Frev (2001); Asoh (2004); Cooper and Kleinschmidt (1987). The instrument consists of four dimensions including Job satisfaction 95 items), commitment (4 items), individual competence (6 items) and market and financial performance (10 items). For this a five-point semantic differential agree/disagree scale is anchored with 1 = highly disagree to 5 = high agree. A low item score indicates high disagreement on this item and a high item score indicates a high agreement on this item. In addition, a coefficient alpha as an estimate of internal

consistency reliability was conducted for this scale. Coefficient alpha values obtained scores, 0.738 (Job satisfaction 0.734 (Commitment), 0.84 (Individual Competence) and 0.810 (Market and Financial Performance), exceeding the minimum standard of 0.70 (Nunalis, 1978) and thus providing good estimated reliability and suffice to internal consistency.

Furthermore, as discussed above organizational performance includes four items to measure job satisfaction, commitment, individual competence and market and financial performance. The question of dependent variable and its each dimensions are used to assess each firm's performance relative to other firms in the industry.

Many studies have employed market-based or accounting measure of performance. Such hard measures have obviously desirable properties. Despite of this, the researcher has chosen perceptual measures, as similar to research of previous several other studies (Youndt et. al., 1996). This is because previous studies clearly show a strong relationship between perceptual and hard measures of organizational performance. Similarly, a self-evaluation serves as appropriate and reliable alternative indicators. In addition, subjective evaluation may be even more appropriate than objective measures (Bambergn et. al., 1989; Al-Amarry, 2008); Adhikari, (2008). In this way, a series of previous research have shown that subjective measures of organizational performance (Geringer and Hebert, 1991) and Pearle and Davis 919870 found that officers level staff perceptions regarding organizational performance were quite consistent with financial performance and other related measures. Therefore, after going through various research works of several past studies, it is fairly found that there is no meaningful difference existing between perceptual and hard measures. Moreover, perceptual measures are appropriate to Nepalese contexts because of various reasons. First, it is still not clear what kind of KM strategy in Nepalese organization is being adopted, how far they are being successful to achieve the benefits of KM strategy with relation to business and HR strategies for meet the organizational goals. A misconception is still pervasive that managing information is KM in Nepal. Second, Nepalese accounting standards are still at the initial stage and firms use different accounting standards, which make it virtually impossible to obtain uniformality in financial information (Bajaj, 2005 cited in Adhikari, 2008). Third, for many years, some of the listed companies have not been audited and have been unable to publish the financial

statements. Fourth, it is difficult if not possible to get firms to make accurate disclosures of financial performance in Asia (Bae and Lawler, 2000) which is not an exception in Nepal. Therefore, the researcher has followed the perceptual measurements in all four variables of organizational performance.

3.6   METHODS OF ANALYSIS

Primary data are used for this study and information collected from its structured questionnaire survey is analyzed using the statistical software of SPSS14.0. The methods of data analysis are used to answer the research objectives based on research questionnaire and test the hypothesis by including coefficient of alpha, descriptive statistics, correlation and multiple regression and two way ANOVA D.W. test and VIF-test.

Co-efficient of Alpha

Co-efficient alpha has been used in the study to estimate internal consistency. In this study, the researcher provides estimates of internal consistency with coefficient alpha. All co-efficient alpha values need to exceed the minimum standard of 0.60 (Mohapatra, 1993) and 0.70 (Nunnally & Bernstein, 1994) level to provide good estimate and retain the items. In general, co-efficient alpha greater than 0.60 and 0.70 were considered to be of a practical significance validity which is defined as whether or not research (or a survey) infact measures what it purports to measure (Robson, 1993). Validity becomes strong if a relationship is found between two similar questions related to work characteristics (e.g. age, education, experience etc) if the participants answer the two work characteristic questions similarly, this study used the same way to collect the data.

Descriptive statistics

Descriptive statistics has been used to describe the general status and position regarding the practice of knowledge management, business, Human resource strategies and organizational performance of Nepalese commercial public (government owned) and private (joint-venture) and private (non-joint venture) banks. Descriptive statistics includes measures of central tendency, variability and frequency distribution. For this, T-test and F-test have been used in this study. T-test and its P-value have been obtained to test the significance difference of average values of all items. Similarly, to test the

significance difference of average values of all items among the three bank categories, F-test and its corresponding P-values have been obtained.

Correlation analysis

In this study, correlation analysis is used to describe the degree to which one variable is linearly related to another. This technique is used to ascertain that the degree of association between two or more variables. Therefore, correlation is used to measure the relationship between KM, Business, HR strategies and organizational performance, measured in job satisfaction, commitment, individual competence and market and financial performance at Nepalese commercial banks.

Multiple Regression Analysis

Multiple regression analysis has been used in this study, to examine the relationships among variables and the extent to which interrelate and explain the dependent variable. For this, multiple regression analysis has been used to test the alignment between KM, Business, HR strategies and their perceived contribution of organizational performance in Nepalese commercial banks. The contribution is in terms of measured job satisfaction, commitment, individual competence, and market and financial performance. When the adjusted R^2 value, the F-statistics, T-statistics and its significance level are known, the researcher becomes able to interpret the result.

TABLE 3.3: Internal Consistency reliability for the research model scales of knowledge management, business and HR strategies and organizational performance.

Constructs	Reliability (Alpha Value)		Item Deleted
Knowledge Management Strategy	**0.865**		Q 8
Codification Strategy		0.801	Q 8
Personalization Strategy		0.857	Q 1, 2, 5
Business Strategy	**0.714**		-
Cost Leadership		0.625	Q 5, 6
Differentiation Strategy		0.757	Q 3, 4
Human Resource Strategy	**0.787**		Q 5, 7, 8
Leadership Skills		0.930	-
Interpersonal and Communication Skills		0.668	Q 5
Professional and Vocational Skills		0.882	Q 6
Organizational Performance	**0.78**		-
Job Satisfaction		0.738	Q 6
Commitment		0.734	Q 2, 3
Individual Competence		0.841	-
Market and Financial Performance		0.810	-

Table 3.3 presents the internal reliability for all scales used in this study. The table shows that the internal reliability for most of the constructs of all scales is greater than the cut-off level of Nunallys, (0.70). However, the result in the table shows that the cronbach alpha for the construct of cost leadership strategy and interpersonal and communication skills are 0.625 and 0.668 respectively. Although these value of cronbach alpha are less than the cut off level 70), they are acceptable as Mohapatra (1993); have accepted values for cronbach alpha of 0.60, 0.55 and 0.62. As all the internal reliability if all scales are acceptable, the internal consistency of homogeneity of the measures is confirmed.

CHAPTER FOUR

PRACTICE OF BUSINESS, KNOWLEDGE MANAGEMENT AND HUMAN RESOURCE STRATEGY IN NEPALESE COMMERCIAL BANKING SECTOR

4.1   BACKGROUND

This chapter presents the results of data analysis regarding the practice and status of Business Strategy, Knowledge Management Strategy and Human Resource Strategy in Nepalese Commercial banks. It has been to get some remarkable results, and come with effects of this analysis based on research close observations and proper evaluation.

The sources from which survey questionnaire were obtained with the view to obtain self reported views of respondents. The survey rating of respondents' opinion about the status of business, knowledge management and HR strategies are listed in their respective fields. For this, a five-point semantic differential scale was anchored with 1=strongly disagree to 5 = strongly agree. A low score indicates a strong disagreement and a high score indicate strong agreement on this particular items. In addition, coefficient alpha as an estimate of internal consistency reliability test was conducted for this scale Nunanlly's (1994). Suggest that, exceeding the minimum standard of 0.7 and thus providing good estimated reliability, whereas, Mohapatra (1993) suggests that exceeding the minimum standard of 0.6 or higher should suffice also depends on the number of factors under the constructs. In this study, since the number of factors are less in some cases, the alpha value having near to 0.70 has also been taken into consideration. Thus, to test the significance difference in average values of all items from considerable point composite value of all items, there t-values and p-values are obtained.

4.1.1   Business Strategy in Nepalese Commercial Banks

In the context of this study, the data were collected and analyzed based on the approach of the existing practice of business strategy in Nepalese commercial banks. The score from the five point likert type scale, different responses were obtained directly from the questionnaire. The existing status of business strategy domain asses to business strategy practice in the Nepalese banking sectors, which were determined after the in depth

review and presently available published literature and results. Therefore, the study attempts to confirm the ability of strategic choice and degree of relationship for success organization in Nepalese Commercial Banking Sectors. In this study, in regard to Business Strategy, two measures variable (i.e. Cost Leadership and Differentiation) were selected to make it easier for Nepalese Organization and their manager to focus their attention on them to determine the specific and holistic action to carry out to introduce them. Therefore, this part of the study discuss and analyze accordingly to every constraints in relation to practice of Business Strategy in Nepalese Public, Private (Joint Venture) and Private (non joint venture) Commercial Banks.

Moreover, Business Strategy which is measured by the 12 item on the scale. Respondents were asked to provide answer to each item, which was measured by a five point likert type scale, ranging from 1 "highly disagree" to 5 "highly agree". Higher means score indicated strong agreement on this item and lower mean scores signified strong disagreement. For this value of central tendency (mean) and standard deviation were analyzed for the factors. Similarly, T-test and its p-value were obtained to test the significance difference of average values of all items and coefficient of Alpha value greater than 0.70 were considered for reliability test of every constructs. The results of analysis of descriptive statistics for Business Strategy items are present in Table 4.1.

TABLE 4.1: Results of an analysis of descriptive statistics for the Business Strategy items.

Item	N	Mean	S.D.	t-value	p-value	Alpha-Value
Composite Value		**3.56**	**0.43**			**0.714**
We have mission statement	301	4.17	0.728	99.44	0.00	
We have written Business Strategy	301	4.13	0.773	92.63	0.00	
Our product/Services compete in local market	301	4.1	0.77	92.46	0.00	
Our product/Services compete in national market	301	4.05	0.777	90.30	0.00	
Our product/Services compete in international market	301	2.84	0.98	50.27	0.00	
Our major Business Strategy is cost leadership strategy	301	3.64	1.045	72.37	0.00	
Our major Business Strategy is differentiation strategy	301	3.28	0.873	65.18	0.00	
Our bank focuses both cost leadership and differentiation strategy	301	3.41	0.907	65.17	0.00	
We organize regular employees training and development program with low cost	301	3.21	0.769	60.40	0.00	
Our bank is engaged in market research	301	3.27	0.972	58.39	0.00	
Our bank prefers to seek growth through acquisition rather than spending money on R & D activities	301	3.24	0.939	59.82	0.00	
Our bank acquires new ideas through strategic alliance	301	3.47	0.929	64.77	0.00	

As presented in Table 4.1, coefficient alpha values 0.714 were obtained an acceptable level of a coefficient alpha above 0.70, indicating that 12 items related to general constructs of business strategy scale was reliable and significance. The average item score of composite mean and standard deviation for the Business Strategy scale were 3.56 and 0.43 respectively.

The item with the highest mean score was "we have mission statement and written Business Strategy" (Mean = 4.17, SD = 0.728 and Mean = 4.13, SD - 0.773), followed by "our product/service compete in local and national market" (Mean = 4.1, SD = 0.77 and Mean = 4.5, SD = 0.77) respectively having more than composite mean.

In this way, the item with the lowest mean score was "Our product/services compete in international market" (Mean = 2.84, SD = 0.98), similarly, "Our major Business Strategy is differentiation strategy" (Mean = 3.28, SD = 0.873) and "We organize regular employees training and development programme with the low cost" (Mean = 3.21 and SD = 0.769) and "Our Bank is engaged in manufacture research" (Mean = 3.27, SD = 0.972), which are less than composite mean.

As illustrated in Table 4.1, Nepalese banks are knowledgeable about mission statement and also have a written Business Strategy. Furthermore, Nepalese banks products and services are able to compete in local as well as national level in current context, as a whole. This means that Nepalese Banks are conscious towards markets strategies and business strategies because they are able to satisfy market needs by providing services and products as per the need of the local and national market.

However, the Table 4.1 also demonstrates that the Nepalese Commercial Banks are still lag behind in maintaining to adopt combination of strategies in their banks in regard to cost leadership and differentiation. Hence, the Nepalese banks, in the present competitive market to increase their business, by providing the customers with varieties of services and choices in combination of both strategies. It also informs that the banks appear to focus less in providing training and development program to increase the ability of their personnel as per their requirement, given the fact shows that the personnel are desirous and motivated for enhancement of their ability by attending workshops seminars and similar training program. The study result also depicts that Nepalese Banks prefer to seek growth through acquisition rather than spending money in research and development which resultantly will affect in their long term sustainability and consistent growth.

4.1.2 Cost Leadership Strategy

This part of measurable item was cost leadership strategy, measured by the 4 item on the scale. For this construct, respondents were asked to provide answer to each item, which was calculated by a five-point likert type scale, ranging from 1 "highly disagree" to 5 "highly agree". Higher mean scores denotes strong agreement. On this item but, lower mean scores denotes strong disagreement. For this value of central tendency (Mean and standard deviation were analyzed for the factors. Similarly, t-test and its p-value were obtained to test the significance difference of average value of all items and coefficient alpha value greater than 0.60, were considered for reliability test of every constructs. The results of analysis of descriptive statistics for cost leadership strategy items are presented in Table 4.2.

TABLE 4.2: Results of an analysis of descriptive statistics for the Cost leadership strategy.

Items	N	Mean	S.D.	t-value	p-value	Alpha Value
Composite Value		**3.61**	**0.609**			**0.625**
We put out goods or services with low cost	301	3.82	0.78	65.07	0.00	
We make goods or services to fit the needs of particular clients/ customers	301	3.55	0.86	71.64	0.00	
We put out full range of products or services to satisfy broad range of customers	301	3.37	0.90	85.50	0.00	
Our products or services enjoy technological lead compared to that of our companies	301	3.73	1.00	64.49	0.00	

As presented the in Table 4.2, co-efficient alpha values 0.625 were obtained an acceptable level of a coefficient alpha above 0.60, indicating that 4 items related to construct of cost leadership scale were reliable and significance. The average item scores (composite value) and standard deviation for the cost leadership strategy scale was 3.61 and standard deviation 0.609.

The item with the highest average score was "we put out goods or service with low cost" (Mean = 3.82, SD = 0.78) followed by "our product or service enjoy technological lead compared to that of our competitors" (Mean = 3.73 and SD = 1.00) which are more than of composite mean.

In this way, the item with the lowest average score is "we put out full range of products or services to satisfy broad range of customer" (Mean = 3.37, SD = 0.90), which is less than that of composite mean.

Table 4.2 points that the Nepalese banks focus on providing goods and services at low cost. However, the facts exhibits that the Nepalese banks have all the technological facilities whatever is required for a service organizations but they should still concentrate more on keeping themselves up-to-date regarding the latest technological change and development for sustaining itself in the competitive market place.

Likewise, the banks have also not been able to satisfy their broad range of customers, as per the diverse market needs and demands. For this reason, the banks need to do a need assessment of their prospective customers and acquire information about the changing market state of affairs.

4.1.3 Differentiation Strategy

This part of measurable item contains differentiation strategy which is measured by the 4 items on the scale. For these construct, respondents were asked to provide answer to each item, which was calculated by a five point likert type scale, ranging from 1 "highly disagree" to 5 "highly agree". Higher mean scores denotes strong agreement. On this item and lower mean scores denotes strong disagreement. For this value of central tendency (Mean and standard deviation were analyzed for the factors. Similarly, t-test and its p-value were obtained to test the significance difference of average value of all items and coefficient alpha value greater than 0.70, were considered for reliability test of every constructs. The results of analysis of descriptive statistics for cost leadership strategy items are presented in Table 4.3.

TABLE 4.3: Result of an analysis of descriptive statistics for the Differentiation Strategy.

Items	N	Mean	S.D.	t-value	p-value	Alpha value
Composite value		**3.58**	**0.70**			**0.757**
We put out innovated product or services frequently	301	3.47	0.95	63.09	0.00	
Our products or services are to satisfy the needs of specialized market niches	301	3.51	0.97	62.64	0.00	
Product and service quality is emphasized	301	3.76	0.89	72.99	0.00	
Basic research is emphasized to provide a future competitive edge	301	3.59	0.86	72.22	0.00	

As presented in the Table 4.3, coefficient alpha values 0.757 were obtained an acceptable level of coefficient alpha above 0.70, indicating that 4 items related to construct of differentiation strategy scale were reliable and significance. The average items score (Composite mean) and standard deviation for the differentiation strategy scale was 3.58 and standard deviation 0.70.

The item with the highest mean score is "product and service quality is emphasized" (Mean = 3.76, SD = 0.89) which is more than that of composite mean. Similarly, "Basic research is emphasized to provide a future competitive edge" (Mean = 3.59, SD = 0.86), which is very close to value of composite mean (i.e. - 3.58).

In this way, the item with the lowest average score is "We put out innovated product or services frequently" (Mean = 3.47, SD = 3.95) which is less than that of competitive mean value.

In regard to differentiation strategy as exemplified in Table 4.3, Nepalese Banks although lay emphasis on product and service quality however Nepalese Banks are not able to bring-out innovated products or services frequently as per the need and demand of their customer despite emphasis is given toward market research.

Based on this finding, it can be inferred that Nepalese banks have realized the importance of market research in regards to customers, competitors and target groups. But in reality, this has not materialized in practice. The finding also indicates that the Nepalese Banks are prone to imitation of products rather than innovation.

4.2 KNOWLEDGE MANAGEMENT STRATEGY IN NEPALESE COMMERCIAL BANKS

In this section, the existing status of knowledge management domain asses to knowledge management practice in the Nepalese Banking Sectors, which were determined after the in depth review of the previously published and presently available literature and results. Therefore, the study attempts to conform the ability of strategic choice and degree of relationship for success organization in Nepalese commercial banking Sectors. In this study, in regard to knowledge management strategy, Two measure variable (i.e. Knowledge management codification strategy and KM personalization strategy were selected to make it easier for Nepalese organization and their manager to focus their attention on them to determine the specific and holistic action to carry out to introduce them. Therefore, this section of the study discuss and analyze accordingly to every constructs in relation to overall practice of knowledge management and knowledge management strategy (i.e. KM codification and Km personalization strategy) in Nepalese Commercial Banking Sectors. Moreover, knowledge management, measured by the 7 items on the scale. Respondents were asked to provide answer to each item, which was measured by a five-point likert type scale, ranging from 1 "highly disagree" to 5 "highly agree". Higher mean scores denotes strong agreement. On this item and lower mean scores denotes strong disagreement. For this, value of central tendency (Mean and standard deviation were analyzed for the factors. Similarly, t-test and its p-value were obtained to test the significance difference of average value of all items and coefficient alpha value greater than 0.70, were considered for reliability test of every constructs. The results of analysis of descriptive statistics for knowledge management strategy items are presented in Table 4.4.

TABLE 4.4: Results of an analysis of descriptive statistics for the knowledge management items.

Items	N	Mean	S.D.	t-value	p-value	Alpha value
Composite value		**3.71**	**0.7**			**0.865**
Our people interact to share idea	301	3.62	1.00	62.82	0.00	
We are free to provide suggestion in business issues	301	3.59	1.01	61.42	0.00	
Our bank has acquires knowledge from different sources	301	3.79	0.82	80.37	0.00	
We have culture of sharing knowledge among the employees	301	3.63	0.95	66.40	0.00	
Our bank acquires knowledge to add value in the service	301	3.61	0.86	72.59	0.00	
Our bank manages to keep up to date with technological developments that could affect our business	301	3.88	0.85	79.61	0.00	
New ideas are welcome in this organization	301	3.84	0.92	72.78	0.00	

As presented in the Table 4.4, coefficient alpha value 0.865 was obtained an acceptable level of a coefficient value of alpha above 0.70, indicating that 4 item related to constructs of knowledge management scale were reliable and significance.

The average item score for (composite mean) and standard deviation for the knowledge management scale was 3.71 and 0.68. The item with the highest mean score is "Our bank managers to keep up-to-date with technological developments that could affects our business" (Mean = 3.88 and SD = 0.85), followed by "our bank has acquires knowledge from different sources" (Mean = 3.79 and SD = 0.82), Which was more than that of composite mean value.

In this way, the item with the lowest mean score is "we are free to provide suggestion in business issues" (Mean = 3.59 and SD = 1.01), similarly, "our people interact to share ideas" (Mean = 3.62 and SD = 1.00), which was less than that of composite mean.

Based on Table 4.4, it can be understood that in Nepalese Banks new ideas and knowledge are welcomed and also acquired from various sources in regard to technological changes and advancement, market position and information, knowledge transformation process, business competitors and customers as well.

However, from the same Table 4.4 it can also be seen that sharing of knowledge and experiences among the employees is found to be poor in practice. Likewise, employees also do not have the platform to suggest on issues related to business operations. Therefore, Nepalese Commercial Banks need to create a sharing culture among the employees and create a conducive environment where employees can easily share their knowledge and experience in different strategic issues that related to business system and approach through the human resource practices.

4.2.1 Knowledge Management Codification strategy

This section of the study consists of KM Codification Strategy, measured by the 8 items on the scale. Respondents were asked to provide answer to each item, which was measured by a five-point likert type scale, ranging from 1 "highly disagree" to 5 "highly agree". Higher mean scores denotes strong agreement and lower mean scores denotes strong disagreement. For this, value of central tendency (Mean and standard deviation were analyzed for the factors. Similarly, T-test and its P-value were obtained to test the significance difference of average value of all items and coefficient alpha value greater than 0.70, were considered for reliability test of every constructs. The results of analysis of descriptive statistics for KM Codification strategy items are presented in Table 4.5.

TABLE 4.5: Results of an analysis of descriptive statistics for the knowledge management items.

Items	N	Mean	S.D.	t-value	p-value	Alpha value
Composite value		**3.91**	**0.5**			**0.801**
We use computer as the major mode of knowledge transfer	301	4.06	0.76	92.94	0.00	
In our bank, knowledge (know-how, technical skill or problem solving method) is well codified	301	3.64	0.86	73.34	0.00	
In our bank, knowledge can be acquired through formal document and manuals	301	3.9	0.72	93.82	0.00	
We have many chances to reuse operating information frequently	301	3.62	0.80	78.90	0.00	
In our bank, knowledge is shared in codified forms like manuals or documents	301	3.81	0.73	91.30	0.00	
We maintain the database for useful information, that is easy to access	301	3.93	0.81	93.06	0.00	
In our bank, results of project and meetings are documented	301	4.01	0.75	84.72	0.00	
We have intranet facilities to communicate information	301	4.32	0.84	89.70	0.00	

As presented in the Table 4.5, coefficient alpla values 0.801 was obtained an acceptable level of a coefficient value of alpha above 0.70, indicating that 8 items related to construct of KM codification strategy scale were reliable and significance.

The average item score for (composite) mean and standard deviation for the KM codification strategy scale was 3.91 and 0.51. The item with the highest mean score was "we have intranet facilities to communicate information" (Mean = 4.32 and SD = 0.84). Similarly, "We use computer as the major mode of knowledge transfer" (Mean = 4.06 and SD = 0.76) and "In our bank, result of projects and meetings are documented" (Mean = 4.1 and SD = 0.75) which shows more than that of composite mean value.

In this way, the item with the lowest mean score is "We have many chances to reuse operating information frequently" (Mean = 3.62 and SD = 0.80), similarly "in our bank, Knowledge (know how) technical skill or problem solving method) is well codified (Mean = 3.64, SD = 0.86), which is less than that of composite mean.

On the Table 4.5, it can be deduced that use of computer as a major mode of knowledge transfer is high in Nepalese Commercial Banks, which means that the banks codify knowledge in systematic and standardized way in database for easy access. Similarly, from the given figure it can also be inferred that Nepalese Banks have strong documentation concerning project results and meeting profiles.

Nevertheless, the Table 4.5 also speaks volume on the Nepalese Banks inefficiency of not having the technical know-how and problem solving skill of re-using the database for various other means and purpose due to the lack of expertise and specialization.

4.2.2   Knowledge Management Personalization Strategy

This part of the study contains KM Personalization Strategy which is measured by the 6 items on the scale. Respondents were asked to provide answer to each item, which was measured by a five-point likert type scale, ranging from 1 "highly disagree" to 5 "highly agree". Higher mean scores denotes strong agreement and lower mean scores denotes strong disagreement. For this value of central tendency (Mean and standard deviation were analyzed for the factors. Similarly, t-test and its p-value were obtained to test the significance difference of average value of all items and coefficient alpha value greater than 0.70 were considered for reliability test of every constructs. The results of analysis of descriptive statistics for KM Personalization Strategy items are presented in Table 4.6.

TABLE 4.6: Results of an analysis of descriptive statistics for the knowledge management personalization strategy items.

Items	N	Mean	S.D.	t-value	p-value	Alpha Value
Composite Value		**3.6**	**0.7**			**0.857**
In our bank, informal dialogures and meeting are used for knowledge sharing	301	3.38	0.86	68.67	0.00	
A considerable portion of our training programs involves interactions among employees	301	3.47	0.82	73.10	0.00	
In our bank, knowledge can be easily acquired from experts and co-workers	301	3.64	0.81	78.44	0.00	
Employees are encouraged to attend training, seminar and conferences	301	3.66	1.03	61.95	0.00	
Our organization encourages learning by doing	301	3.82	0.84	78.61	0.00	
Our organization associates the performance through performance appraisal	301	3.63	0.97	65.20	0.00	

As presented in the Table 4.6, coefficient alpha value 0.857 was obtained an acceptable level of a coefficient value of alpha above 0.70 indicates that 6 items related to construct of knowledge management scale was reliable and significance. The average item score (composite mean) and standard deviation for the KM personalization strategy scale was 3.6 and 0.67.

The item with the highest mean score is "Our organization encourages learning by doing" (Mean = 3.82 and SD = 0.84). Similarly, "employees are encouraged to attend training, seminar and conference" (Mean = 3.66 and SD = 1.03), which was higher than that value of composite mean. In addition, "our organization associates the performance through appraisal" (Mean = 3.63 and SD = 0.97) which also shows more than that of composite mean value.

In this way, the item with the lowest mean score is "in our bank, informal dialogue and meeting are used for knowledge sharing" (Mean = 3.38 and SD = 0.86). Similarly, "A

considerable portion of our training programmes involves interaction among employees" (Mean = 3.47 and SD = 0.82), which is less than that of composite mean.

Table 4.6 illustrates that the Nepalese Banks encourage their employees on the process of learning by doing approach. Although, the employees are encouraged and motivated to attend seminars, trainings and conferences for knowledge and skill enhancement, but less focus is found in regard to organize and invest on such seminars, trainings and conferences by the Nepalese Bankers.

In the same way, Nepalese Banks are short of the culture of informal dialogues and meetings of sharing and acquiring new knowledge and ideas among themselves. This shows that Nepalese banks lag behind in collaborative approach of sharing and acquiring knowledge and skills to facilitate their business. In this competitive age such meetings, informal dialogues, trainings, seminars, group discussions and interaction play a pivotal role to generate innovative ideas and knowledge.

4.3   HUMAN RESOURCE STRATEGY IN NEPALESE COMMERCIAL BANKS

In this section, the existing status of Human Resource Strategy domain asses to HR strategy practice in the Nepalese Banking Sectors, which were determined after the depth review of the previous published and presently available literature and results. Therefore, the study attempts to conform the ability of strategic choice and degree of relationship for success organization in Nepalese commercial banking sectors. In this study, in regard to Human Resource Strategy, three measurable variables (i.e. leadership skills, interpersonal and communication skills, and vocational and professional skills) were selected to make it easier for Nepalese Organization and their manager to focus their attention on them to determine the specific and holistic action to carry-out to introduce them. Therefore, this section of the study discuss and analyze accordingly to every constructs in relation to overall practice of Human Resource Strategy interms of leadership skill, interpersonal skills and vocational and professional skill in Nepalese commercial banking sectors. Moreover, Human Resource Strategy measured by the 5 items on the scale. Respondents were asked to provide answer to each item which was measured by a five-point likert type scale, ranging from 1 "highly disagree" to 5 "highly agree". Higher mean scores denotes strong agreement and lower

mean scores denotes strong disagreement. For this, value of central tendency (Mean and standard deviation are analyzed for the factors. Similarly, t-test and its p-value are obtained to test the significance difference of average value of all items and coefficient alpha value greater than 0.60 is considered for reliability test of every constructs. The results of analysis of descriptive statistics for Human Resource Strategy items are presented in Table 4.7.

TABLE 4.7: Result of an analysis of descriptive statistics for the Human Resources Items.

Items	N	Mean	S.D.	t-value	p-value	Alpha Value
Composite Value		**3.49**	**0.69**			**0.787**
In our bank employees knowledge and skills are developed constantly and kept upto date by means of training	301	3.54	0.97	63.52	0.00	
Knowledge and skills are constantly developed by coaching and talent development program	301	3.27	0.91	62.48	0.00	
Knowledge and learning competence are part of evey employees competence profile	301	3.56	0.83	75.00	0.00	
In our bank, we must recruit skills, hire and train individual that have specific skills	301	3.65	0.91	70.01	0.00	
Our bank has policy to retain employees that have a breath of knowledge and skills	301	3.43	1.08	55.29	0.00	

As presented in the Table 4.7, coefficient alpha value 0.787 is an acceptable level of coefficient value of alpha above 0.70 indicates that 5 items related to construct of Human Resource scale are reliable and significance. The average item score for (composite mean) and standard deviation for this Human Resource scale is 3.49 and 0.69 respectively.

The item with the highest score is "in our bank, we must recruit skills, hire and train individual that have specific skills" (Mean = 3.65 and SD = 0.91). Similarly, "Knowledge and learning competence are part of every employees competence profile" (Mean = 3.56 and SD = 0.83) which is more than that of composite mean value.

In this way, the item with the lowest mean score "knowledge and skills are constantly developed by coaching and talent development program" (Mean = 3.27 and SD = 0.91). Similarly, " Our Bank has policy to retain employees that have a breath of knowledge and skills" (Mean = 3.43 and SD = 1.08) which is less than that of composite mean value.

Table 4.7 shows that Nepalese Banks develop their employees knowledge and skill by training to be up to date as per the required need but not through coaching and talent development program. Likewise, it can also be found that Nepalese Banks are more attentive regarding recruiting and hiring and train employees who have specific skill. It means that Nepalese Banks believe in hiring and recruiting skilled employees rather than by constantly developing their own employees skills for a long term perspective. The Table 4.7 also shows that the Nepalese Banks believe in keeping their employees competency profile in regards to identification of their knowledge and expertise. Another very interesting result that the table tells is that the Nepalese Banks do maintain competence-profile of their employees, however due to the short of clear-cut policy to retain employees who have breath of knowledge and skills.

Hence, the banks need to have a policy of retaining employees who have knowledge and skills by providing long-term career opportunities and benefits. Similarly, the banks also need to focus not only on acquiring and hiring people with specific skills but should also focus on developing their general employees as according to feelings and attitude of their employees.

4.3.1 Leadership Skills

This part of the study deals leadership skills measured by the 10 items on the scale. Respondents were asked to provide answer to each item, which was measured by a five-point likert type scale, ranging from 1 "highly disagree" to 5 "highly agree". Higher mean scores denotes strong agreement and lower mean scores denotes strong disagreement. For this, value of central tendency (Mean and standard deviation were analyzed for the factors. Similarly, t-test and its p-value are obtained to test the significance difference of average value of all items and coefficient alpha value greater than 0.70, is considered for reliability test of every constructs. The results of analysis of descriptive statistics for leadership skills items are presented in Table 4.8.

TABLE 4.8: Result of an analysis of descriptive statistics for the leadership skills items.

Items	N	Mean	S.D.	t-value	p-value	Alpha Value
Composite Value		**3.42**	**0.73**			**0.93**
Top management is committed to enlarging ability and creating a working environment in our bank	301	3.5	0.94	64.67	0.00	
Managers are continually focused on developing and mobilizing employees. Knowledge and regularly give constructive feedback about attempted improvement, development and learning actions	301	3.54	0.90	68.31	0.00	
Managers use simple oral and written languages are action oriented and facilitate the process "learning by doing"	301	3.63	0.91	69.18	0.00	
Our senior leaders/managers communicate the vision and empower us to act on vision	301	3.49	0.94	64.19	0.00	
Employees are continually stimulated and encouraged to identify problems of the organization	301	3.38	0.84	69.96	0.00	
Explored problems are solved through brainstorming and generate creative idea and share it	301	3.33	0.95	61.08	0.00	
Our leaders/managers have the ability to encourage employee in very effective manner	301	3.3	1.02	56.01	0.00	
Our leaders/managers are very effective at problem solving	301	3.29	1.00	57.09	0.00	
Our leaders/managers are flexible about making changes in our bank	301	3.32	0.94	61.47	0.00	
When problems arise in our bank, our leaders immediately address them	301	3.44	0.90	66.13	0.00	

As presented in the Table 4.8, coefficient alpha value 0.93 is obtained an acceptable level of a coefficient value of alpha above 0.70 indicates that 10 items related to constructs of leadership skills scale was reliable and significance. The average item score for (composite mean) and standard deviation for the leadership skills scale are 3.42 and 0.73 respectively.

The item with the highest score is "manager use simple oral and written languages are action oriented and facilitate the process of learning by doing" (Mean = 3.63 and SD = 0.91). Similarly, "Top management is committed for enlarging ability and creating a working environment in our bank" (Mean = 3.5 and SD = 0.94) which is higher than that value of composite mean.

In this way, the item with the lowest mean score is "Our leaders are very effective and problem solving" (Mean = 3.29 and SD = = 1.00). Similarly "Our leaders are flexible about making changes in our bank" (Mean = 3.32 and SD = 0.94) and "Our leaders have the ability to encourage employee in very effective manner" (Mean = 3.3 and SD = 1.02) which shown that less than the value of composite mean.

Table 4.8 presents that the leadership is committed in mobilizing employees in regard to create working environment, enlarging abilities in Nepalese Commercial Banks. Similarly, leaders of the banks also provide constructive feedback and suggestions about attempted work and its improvements by using simple, oral, and written languages that are action oriented and facilitate the process of learning by doing. Likewise, when problems arise in the banks the leaders immediately tackle them.

However, at the same time leaders of the Nepalese banks have less ability and capacity of encouraging their employees in effective manners and the leadership lacks participatory approach for solving organizational problems and explore possible solution. This exhibits that the Nepalese Banks have a dearth of leadership skills for creating working environment, team work and group work culture, participatory approach in identifying problems and providing solutions to it. The Table 4.8 also shows that the leaders of Nepalese Banks are also neither so open to accept changes nor so flexible to adopt changing scenarios and understanding the feelings and attitudes of their employees.

4.3.2 Interpersonal and Communication Skills

This part of the study analyze the Interpersonal and Communication skills measured by the 7 items on the scale. Respondents were asked to provide answer to each item which was measured by a five-point likert type scale, ranging from 1 "highly disagree" to 5 "highly agree". Higher mean scores denotes strong agreement. On this item and lower mean scores denotes strong disagreement. For this value of central tendency (Mean and standard deviation are analyzed for the factors. Similarly, t-test and its p-value were obtained to test the significance difference of average value of all items and coefficient alpha value greater than 0.60 is considered for reliability test of every constructs. The results of analysis of descriptive statistics for interpersonal and communication skills items are presented in Table 4.9.

TABLE 4.9: Result of an analysis of descriptive statistics for the interpersonal and communication skills items.

Items	N	Mean	S.D.	t-value	p-value	Alpha Value
Composite Value	**3.7**	**0.49**				**0.668**
In our bank employees interact with consumers, peers and management on daily basis	301	3.47	0.92	65.79	0.00	
Effective interpersonal communication skills are essential to social connectivity	301	4.13	0.72	99.37	0.00	
I use my emotional energy to motivate others	301	3.58	0.85	73.45	0.00	
I enjoy discussing organizational norms, values and ethics	301	3.95	0.74	93.19	0.00	
Inter personal communication skills of managers promotes employee attachment to the organization	301	4.06	0.78	89.85	0.00	
Our bank responds to staff needs positively fostering a non-discriminatory work environment	301	3.37	1.02	57.52	0.00	
People learn from each other's mistakes and errors are openly discussed	301	3.48	0.91	66.17	0.00	

As presented in the Table 4.9, coefficient alpha value 0.668 is obtained an acceptable level of a coefficient value of alpha above 0.70, indicating that 7 items related to

construct of interpersonal and communication skills scale are reliable and significance. The average item score for (composite mean) and standard deviation for the interpersonal and communication skills scale are 3.72 and 0.49 respectively.

The item with the highest score is "Effective interpersonal communication skills are essential to social connectivity" (Mean = 4.13 and SD = 0.72). Similarly, "Interpersonal communication skills of managers promotes employees attachment to the organization" (Mean = 4.06 and SD = 0.78) and "I enjoy discussing organizational norms, values and ethics" (Mean = 3.95 and SD = 0.74), which shown more than that of composite mean value.

In this way, the item with the lowest mean score is "Our bank responds to staff needs positively fostering a non-discriminatory work environment" (Mean = 3.37 and SD =1.02). Similarly, "In our bank employees interact with consumers, peers and management on daily basis" (Mean = 3.47 and SD = 0.92), and "People learn from each other's mistakes and errors are openly discussed" (Mean = 3.48 and SD = 0.91), which is lower than that of composite mean value.

Table 4.9 points that the officers of the Nepalese Commercial Banks believe in effective use of interpersonal and communication skills for social connectivity and attachment between the employees and employer in the organization. Similarly, the table also shows that the employees also take pleasure in discussing organizational norms, values and ethics despite the reality, that they do not use emotional energy to motivate others.

Likewise, the findings also depicts that the banks lack in non-discriminatory working environment and also in responding to staffs needs in a positive manner. The findings also shows that the bank lags behind in the practice of learning from each other's mistake and errors are openly discussed.

4.3.3 Professional and Vocational Skills

This part of the study deals Professional and Vocational Skills measured by the 8 items on the scale. Respondents were asked to provide answer to each item, which was measured by a five-point likert type scale, ranging from 1 "highly disagree" to 5 "highly agree". Higher mean scores denotes strong agreement. On this item and lower

mean scores denotes strong disagreement. For this value of central tendency (Mean and standard deviation were analyzed for the factors. Similarly, t-test and its p-value are obtained to test the significance difference of average value of all items and coefficient alpha value greater than 0.60 were considered for reliability test of every constructs. The results of analysis of descriptive statistics for Professional and Vocational Skills items are presented in Table 4.10.

TABLE 4.10: Results of an analysis of descriptive statistics for the Professional and Vocational Skills.

Items	N	Mean	S.D.	t-value	p-value	Alpha Value
Composite Value		**3.48**	**0.6**			**0.882**
Our bank has high degree of expertise experience and education to do something and perform a specialized task	301	3.55	0.91	67.36	0.00	
Our bank has policy to improve employee capabilities to respond quickly to change, innovate and assimilating new technology	301	3.43	0.88	67.64	0.00	
Our bank has live policy to produce and optimize skills as a collective entity	301	3.37	0.83	70.55	0.00	
Our banks employees are fairly engaged and contribute optimum	301	3.47	0.80	75.03	0.00	
Our bank employees are involve to accomplish their job in right time in very effective manner	301	3.63	0.82	77.03	0.00	
Employees have the skills to adequately categorize, use and maintain knowledge	301	3.54	0.76	80.88	0.00	
Employees know where particular knowledge can be found in the organization and it is transparent to everyone who knows what	301	3.42	0.88	67.31	0.00	
Knowledge is constantly being implemented and incorporated into new products, services and process	301	3.47	0.92	65.22	0.00	

As presented in the Table 4.10, coefficient alpha value 0.882 are obtained an acceptable level of a coefficient value of alpha above 0.70, indicating that 8 items related to construct of Professional and Vocational Skills scale were reliable and significance.

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The average item score for (composite mean) and standard deviation for the Professional and Vocational Skills scale are 3.48 and 0.63 respectively.

The item with the highest mean score is "Our bank employees are involve to accomplish their job in right time in very effective manner" (Mean = 3.63 and SD = 0.82), similarly, "Our bank has high degree of expertise, experience and education to do some something and perform a specialized task" (Mean = 3.55 and SD = 0.91) which was more than that of composite mean value.

In this way, the item the lowest mean score is "Our bank has live policy to produce and optimize skills as a collective entity" (Mean = 3.37 and SD = 0.83). Similarly, "Our bank has policy to improve employee capabilities to respond quickly to change, innovate and assimilating new technology" (Mean = 3.42 and SD = 0.88) and "Employees know particular knowledge can be found in the organization and it is transparent to everyone who knows what" (Mean = 3.43 and SD = 0.88) which was less than that of composite mean.

To sum up, Table 4.10 on Professional and Vocational Skills depicts that Nepalese Banks have high degree of expertise, experience and education to perform specialized tasks. Similarly, the employees are attentive towards accomplishing their assignments and jobs in right time in a very effective manner.

However, the banks lack in making participation policies to improve the capability of their employees in responding to changes, innovation and assimilation of new technology. Hence, the banks need to improve their employees skills constantly to speedily respond to changes and assimilate new technology and follow new methods.

Although the findings state that the Nepalese employees are fairly committed to complete their job and responsibility within the given time period, however at the same time the finding also shows that the employees are not contributing to their best which means that the development of professional skill is required in Nepalese Commercial Banks.

In the same way the finding also depicts that Nepalese Banks have lack of live policy to produce and optimize skills of their employees as a collective unit. Likewise, there is

also a lack of culture of accessing knowledge to its employees in Nepalese Banks and similarly the bank also is behind in making itself transparent for easy access for all.

Nepalese Banks need to constantly develop their employee's knowledge and skills for the purpose of maximum contribution towards enhancement of professionalism and strengthening their ability to assimilate new technology and method and incorporate their acquired knowledge towards new products, services and process.

CHAPTER FIVE

5.1 COMPARISON AMONG THREE COMMERCIAL BANKS IN PRACTICE OF BUSINESS STRATEGY, KNOWLEDGE MANAGEMENT STRATEGY AND HUMAN RESOURCE STRATEGY

This chapter presents the results of the study on the position in regard to practice among the Knowledge Management Strategy, Business Strategy and HR strategy in three different sectors of Nepalese Commercial Banks. This study also analyzed the differences among the respondents groups of the study. In addition, this chapter also assess and analyze the different views of the respondents about the position hold by three sectors Nepalese Commercial Banks. The sample was classified in three sectors, such as (i) Public Bank (ii) Private Joint-venture Banks and (iii) Private Banks. Moreover, Public Banks are those which have major stake and high degree of government involvement. Private Joint-venture commercial banks are those in which two or more than two countries' people or companies (i.e. involvement of local peoples or companies with foreign people and companies) partner/s operates the banking activities. The Private Banks are those in which government share and foreign peoples' or companies' share are not directly involved (i.e. only local people involvement).

In the context of this study, the competitiveness has become one of the essential requirement that are to be obtained through the alignment approach in between KM Strategy, Business Strategy and HR Strategy. Certain disparity can be expected because all banks are not seen uniformly same regarding the state of practice of alignment approach in the field of KM.

For this, the data in the current study are analyzed in different ways depending in the approaches of the position hold by three banks regarding the practice of three independents variables. Therefore 21 (i.e. 3 Public, 7 Private Joint-venture and 11 Private) Banks were selected as sample. Total number of usable respondents from these banks were 301 out of 421. In this study, the score of the five response lends is obtained directly from questionnaire to measure the independent variables. Mean value and composite mean value of each factors and variables are compared to examine the difference and analyzed the position with the subsequent standard deviation. F-test and

its corresponding p-values are obtained to test the significance difference of average values of all items among three banking sectors.

5.1.1 Practice of Business Strategy by Nepalese Commercial Banks.

This section presents the results of the study on the position secured based on the approaches of the existing practice of Business Strategy in three different Nepalese banking sectors. The score from the five point Likert type scale, different responses are obtained directly from the questionnaire. The sample was classified into public (Government owned, Private Joint-venture (local and foreigner people or companies involvement) and Private (local people or companies only) commercial banks). There are 3 Public Bank with 44 respondents, 6 Private Joint-venture Banks with 91 respondents and 12 Private Banks with 166 respondents. Certain disparity can be expected in relation to practice of Business Strategy among the three different types of Nepalese Commercial Banks. Composite mean value of three different banks are compared to analyze the differences among the respondents groups of the study. Similarly, mean value of each factors and its constructs are compared to examine the differences with the subsequent standard deviation. F-test and its corresponding p-values are obtained, to test the significance difference in average satisfaction level of different items of Business Strategy among the three banking sectors. The results of descriptive statistics for the Business Strategy items are presented in Tables 5.1, 5.2 and 5.3 respectively.

5.1.2 Descriptive analysis of Business Strategy.

This part of the study is Business Strategy measured by the 20 items on the scale adapted from Porter (1980); Dess (1989); Seger (1989); Shih and Chiang (2005); Granier et al; (2007). The instruments consists of one domain and two factors such as Business Strategy (12 items) similarly dimension cost leadership strategy (4 items) and differentiation strategy (4 items). A five-point semantic differential, agree/disagree scale was anchored with 1 = highly disagree to 5 = highly agree. For this, a coefficient alpha as an estimate of internal consistency, exceeding the minimum standard of 0.60 of Mohapatra (1993) and 0.70 of Nunallis (1978) are considered.

TABLE 5.1: Descriptive analysis of Business Strategy

Items	Ownership Patterns of the banks									F-value	p-value
	Public Banks			Private Banks			Joint-venture Banks				
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.		
Composite Value		**3.41**	**1.04**		**3.58**	**0.82**		**3.62**	**0.76**		
We have mission statement	44	3.98	1.02	166	4.25	0.67	91	4.13	0.65	2.62	0.07
We have written Business Strategy	44	3.93	0.87	166	4.12	0.71	91	4.23	0.82	2.25	0.11
Our product/Services compete in local market	44	3.91	1.07	166	4.08	0.75	91	4.23	0.60	2.73	0.07
Our product/Services compete in national market	44	3.86	1.17	166	4.01	0.69	91	4.21	0.66	3.48	0.03
Our product/Services compete in international market	44	3.27	1.35	166	2.72	0.80	91	2.85	1.02	5.64	0.00
Our major Business Strategy is cost leadership strategy	44	3.11	0.90	166	3.25	0.73	91	3.18	0.77	0.62	0.54
Our major Business Strategy is differentiation strategy	44	3.09	0.77	166	3.26	0.85	91	3.41	0.94	2.05	0.13
Our bank focuses both cost leadership and differentiation strategy	44	2.89	0.84	166	3.50	0.91	91	3.48	0.86	8.90	0.00
We organize regular employees training and development program with low cost	44	3.55	1.42	166	3.67	0.97	91	3.63	0.97	0.25	0.78
Our bank is engaged in market research	44	3.20	1.11	166	3.19	0.98	91	3.45	0.86	2.21	0.11
Our bank prefer to seek growth though acquisition rather than spending money on R & D activities	44	3.27	0.95	166	3.24	0.97	91	3.22	0.88	0.05	0.95
Our bank acquires new ideas through strategic alliance	44	2.86	1.09	166	3.61	0.89	91	3.51	0.81	12.12	0.00

The result illustrated in the **Table 5.1** clearly shows the practice of Business Strategy among Public Bank, Private Joint-venture Banks and Private Banks in Nepal. On the basis of the result of the composite mean value and standard deviation, the Private Joint-venture Banks with (CMV = 3.62 and SD = 0.76) leads, followed by Private Banks with (CMV = 3.58 and SD = 0.82) and finally by Public Banks with (CMV = 3.41 and SD = 1.04) in the third place.

In addition, among the constructs of Business Strategy as shown in **Table 5.1**, it can be deduced that there is no significant difference found among these banking sectors in regard to construct of "mission statement and written Business Strategy, our product and service compete in local market and our Business Strategy is cost leadership strategy". Moreover, it can also be deduced that among these banks there is a remarkable difference in construct like as "our product compete in national market, our major Business Strategy is differentiation strategy and our bank focuses both cost leadership and differentiation strategy". Similarly "our bank organize regular employees training programme with low cost and bank engaged in market research and acquire new ideas through strategic alliance".

In this way, among the constructs of Business Strategy "we have mission statement and written Business Strategy" (MV = 3.98 and SD = 1.02 and MV = 3.93 and SD = 0.87) and our product service compete in local and national market (MV = 3.86 and SD = 1.17 and MV = 3.91 and SD = 1.07) and we organize regular employees training and developments programme with low cost" (MV = 3.55 and SD = 1.42) that scored the highest mean in Public Bank in Nepal which is more than its CMV = 3.41. But constructs like "our bank focus both cost leadership and differentiation strategy" (MV = 2.89 and SD = 0.84), "Our bank is engaged in market research" (MV = 3.20 and SD = 1.11) and "Our bank acquires new ideas through strategic alliance" (MV = 2.86 and SD = 1.09) that score lowest mean in Public Bank in Nepal, which is lowest mean value than its composite mean value.

In spite, the CMV = 3.58, Private Banks stand second place among banks in Nepal, however in factor like "our bank acquire new ideas through strategic alliance" (MV = 3.61 and SD = 0.89) stand first position among Commercial Banks in Nepal.

To sum up the Table 5.1, it can be seen that the practice in regard to business strategy is found among all the three categories of banks. However, the private joint venture banks stand in a good position in the practice of business strategy than the private non joint venture and public banks. Similarly, as shown in the above table it can also be appreciated that the all three categories commercial banks are also in a better position vis-à-vis to compete in the local as well as national market by providing goods and services.

Although these three categories of Nepalese commercial banks follow business strategy but they don't seem to be applying combination of strategies such as low cost strategy and differentiation strategy. These strategies, which are very essential in this competitive market are focused in regard to technological advancement, economy of business operation and alongside providing innovative product as per the market and customer's need.

Nepalese commercial banks are conscious and understand the importance in organizing employees trainings and development programs but they still lag behind in allocating adequate funds for a proper training and development program for the enhancement of employees' current status. The table also clearly informs that the Public Bank allocates more budget for training and development program than the Private Joint Venture and Private Non-Joint Venture banks. The table also demonstrates that all these three banks do not seem to give due attention in market research which resultantly is not able to give the out put as it should have due to the lack of spending money in research and development activities by these banks. Similarly it can also be seen that the Private Non-Joint Venture bank is more inclined toward acquiring new ideas through strategic alliance, closely followed by Private Join Venture banks and far ahead to Public Banks.

5.1.3 Descriptive analysis of Cost leadership Strategy

TABLE 5.2: Descriptive analysis of Cost leadership Strategy

Items	Ownership patterns of Banks									F-value	p-value
	Public Banks			Private Banks			Joint-venture				
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.		
Composite value		**3.39**	**0.933**		**3.59**	**0.86**		**3.77**	**0.84**		
We put out goods or services with low cost	44	3.59	0.844	166	3.57	0.879	91	3.71	0.951	1.63	0.20
We make goods or services to fit the needs of particular clients/customers	44	3.16	0.888	166	3.34	0.834	91	3.31	0.847	6.47	0.00
We put out full range of products or services to satisfy broad range of customers	44	3.36	0.81	166	3.88	0.792	91	3.93	0.646	9.62	0.00
Our products or services enjoy technological lead compared to that of our companies	44	3.45	1.19	166	3.57	0.923	91	4.14	0.926	12.29	0.00

Table 5.2 clearly illustrate the practice of cost leadership strategy among Public, Private Joint-venture and Private Banks in Nepal on the basis of the result of the composite mean value and standard deviation. The Private Joint-venture Banks with (CMV = 3.77 and SD = 0.84) leads, followed by Private Private with (CMV = 3.59 and SD = 0.86) and finally by Public Banks with (CMV = 3.93 and SD = 0.333) in the third place.

In addition, among the constructs of cost Leadership Strategy as shown in the table, it can be concluded that there is no significance difference found among these banking sectors in regard to construct "we put out goods or services with low cost". Moreover, it can also be deduced that among these banking sectors, there is a remarkable difference in construct "we make goods or services to fit the needs of particular consumer and we put out full range of product or services to satisfy broad range of customers". Similarly, "our products or services enjoy technological lead compared to that of our competitors".

In this way, among the construct of cost leadership strategy, "we put out good or services with low cost " (MV = 3.59 and SD = 0.844) and "our products or services enjoy technological lead compared to that of our competitors" (MV = 3.45 and SD = 1.19) that score highest mean value in Public Banks in Nepal which is more than its CMV = 3.39 but items like "we make goods or services to fit the needs of particular customer" (MV = 3.16 and SD = 0.81) and "we put out full range of product or services to satisfy broad range of customers" (MV = 3.36 and SD = 0.81) that scores the lowest mean score value in Public Banks in Nepal. Similarly, "we put out full range of products or services to satisfy broad range of our customer" that scored the highest mean in Private Joint-venture Banks (MV = 3.93 and SD = 0.64) and Private Banks (MV = 3.88 and SD = 0.79). In addition, "our product services enjoy technological lead compared to that of our competitors (MV = 4.14 and SD = 0.92). That score highest mean in Private Joint-venture Banks, which is more than its CMV = 3.77 and 3.59. But, items like "we put out goods or services with low cost" that score the lowest mean in Private Joint-venture (MV = 3.34 and SD = 0.87) and Private Private (MV = 3.31 and SD = 0.95) score the lowest mean in relation to composite mean value = 3.77 and 3.59.

In spite, the CMV of Public Banks stand third place among these banks in Nepal, however in factor like "we put out goods or services with low cost" (MV = 3.59) Public Banks, (MV = 3.31) Private Joint-venture Banks, and (MV = 3.31) Private Banks stand leading place among these banking sectors in Nepal.

To sum up the Table 5.2 table shows that although all the three categories of commercial banks follow low cost strategy, however Public Banks are leading in providing goods and services at low cost. Likewise Private Joint Venture Banks and Non Joint Venture Banks are not able to provide goods and services at low cost. This means that the operations of public banks are seen to be more economical than the Private Joint Venture and Non Joint Venture Banks. The table also corresponds that all the three commercial banks are well informed about the availability of technological facilities what ever is required. However, the Private Joint Venture banks are in a better position than the Public and Private Non-Joint Venture Banks. Therefore, Public Banks and Private Non Joint Venture Banks need to concentrate more on keeping itself up to date with latest technological advancement for competing themselves with other banks.

Similarly, the table also shows that the services provided by Public Banks are poor as compared to Private Joint Venture and Non Joint Venture Banks. This means that the combination of people, process and technology is significantly found to be good in Private Joint Venture and Non Joint Venture Banks than the Public Banks.

All in all, the table illustrates that to satisfy the extensive choice of its customers as per the present market requirement all the three commercial banks need to emphasize on acquiring information about market, competitors, and customers.

5.1.4 Descriptive analysis of Differentiation Strategy

TABLE 5.3: Descriptive analysis of Differentiation Strategy

| Items | Ownership patterns of Banks | | | | | | | | | F-value | p-value |
| | Public Banks | | | Private Banks | | | Joint-venture | | | | |
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.		
Composite value		**3.22**	**0.83**		**3.58**	**0.91**		**3.76**	**0.92**		
We put out innovated product or services frequently	44	2.89	0.784	166	3.52	0.958	91	3.65	0.923	1.629	.198
Our products or services are to satisfy the needs of specialized market niches	44	3.43	0.974	166	3.49	1.037	91	3.58	0.844	6.472	.002
Product and service quality is emphasized	44	3.5	0.792	166	3.73	0.832	91	3.92	1.014	9.620	.000
Basic research is emphasized to provide a future competitive edge	44	3.07	0.789	166	3.58	0.797	91	3.89	0.888	12.285	.000

Table 5.3 clearly illustrates the practice of differentiation strategy among public, Private Joint-venture and Private Private Bank in Nepal. On the basis of the result of the composite mean value and standard deviation, the Private Joint-venture Banks with (CMV = 3.76 and SD = 0.92) leads, followed by Private Private with (CMV = 3.58 and SD = 0.91) and finally by Public Banks with (CMV = 3.22 and SD = 0.83) in the third place.

In addition, among the constructs of differentiation strategy as shown in the **Table 5.3**, it can be concluded that there is significance difference found among these banking sectors in regard to all items of differentiation strategy. In this way, among the construct of differentiation strategy, "our products are satisfy the needs of specialized market niches". (MV = 3.43 and SD = 0.97) and "product and service quality is emphasized (MV = 3.5 and SD = 0.79), that score the highest mean value in Public Banks in Nepal which is more than its CMV = 3.22. But items like "we put out innovated product or services frequently" (MV = 2.89 and SD = 0.78) and "Basic research is emphasized to provide a future competitive edge (MV = 3.07 and SD = 0.789) that scores the lowest mean value in Public Bank in Nepal. Similarly, "Product and service quality is emphasized" (MV = 3.92 and SD = 1.014) in Private Joint-venture Banks and (MV = 3.73 and SD = 0.83) in Private Banks. In addition, "Basic research is emphasized to provide a future competitive edge" (MV = 3.89 and SD = 0.88) in Private Joint-venture Banks and (MV = 3.58 and SD = 0.79) in Private Banks. It indicates that score the highest mean value in relation to its CMV = 3.76 and 3.57.

But, items like "we put out innovated product or services frequently" that score the highest mean value in Private Joint-venture Banks (MV = 3.65 and SD = 0.92) and Private Banks (MV = 3.52 and SD = 0.95) score the lowest mean, which is lower mean value than its composite mean value. Similarly, "our product or services are to satisfy the needs of specialized market niches", Private Joint-venture Banks and Private Banks obtained lower score of mean value than its composite mean. **Table 5.3** exhibits, that all the three categories of commercial banks have emphasized on product and service quality to meet the customer's need. In this regard, the Private Joint Venture Banks leads, followed by Private Non Joint Venture Banks and lastly by Public Banks.

To sum up the Table 5.3, the fact that all the three categories of commercial banks lag behind in providing innovative products and services as per the demand of their varieties of customers and market. This corresponds that all the three categories of commercial banks need to give priority in research and development programs to identify and acquire new ideas and knowledge about current phenomena. The table also shows that the Private Joint Venture Banks have recognized the essence of market research corresponding to obtain information about customers and competitors. On the other hand, Public Banks and Private Non Joint Venture Banks have largely ignored this essence of market research. However, in reality this has not been implemented in practice by any of them.

5.2 PRACTICE OF KNOWLEDGE MANAGEMENT STRATEGY IN NEPALESE COMMERCIAL BANKS

This section presents the result of the study of the position secured, based on the approach of the existing practice of Knowledge Management Strategy in three different Nepalese Commercial Banking sectors. The score from the five point likert type scale, different responsibility is obtained directly from the questionnaire. The sample was classified into public (Government owned), Private Joint-venture (Local and Foreign peoples or companies involvement) and Private (Local peoples or companies involvement only) commercial banks. There are 3 Public Banks with 44 respondents, 6 Private Joint-venture Banks with 91 respondents and 12 Private Banks with 166 respondents. Certain disparity can be expected in relation to practice and position of Nepalese commercial banks. Composite Mean value of three different banking sectors are compared to analyze the difference among the respondents group of the study. Similarly, mean value of each factors and its constructs are compared to examine the differences with the subsequent standard deviation. F-test and its corresponding p-values are obtained to test the significance difference in average satisfaction level of different items of Knowledge Management Strategy among the three commercial banks. The results of analysis of descriptive statistics for the KM strategy items are present in **Table 5.4, 5.5** and **5.6** respectively.

5.2.1 Descriptive analysis of Knowledge Management Strategy

This part of the study contains Knowledge Management Strategy, measured by the 21 item on the scale adapted from Hansen et. al., (1999); Zack (1999); Shih and Chiang (2005), Granier et. al. (2007). The instruments consist of one domain and two factors such as General Constructs of KM (7) items, Similarly KM Codification Strategy (8) items and KM personalization strategy (6) items. A five-point semantic differential agree or disagree scale was anchored with 1 = highly disagree to 5 = highly agree. For this, a coefficient alpha as an estimate of internal consistency, exceeding the minimum standard of 0.60 of Mohapatra (1993) and 0.70 of Nunallis (1978). The result and analysis of this part for the KM construct are presented as follows:

TABLE 5.4: Descriptive analysis of Knowledge Management Strategy

| Items | Ownership patterns of Banks | | | | | | | | | F-value | p-value |
| | Public Banks | | | Private Banks | | | Joint-venture | | | | |
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.		
Composite Value		**3.44**	**0.89**		**3.68**	**0.89**		**3.88**	**0.927**		
Our people interact to share idea	44	3.14	0.93	166	3.61	1.02	91	3.88	0.92	8.60	0.00
We are free to provide suggestion in business issues	44	3.45	0.76	166	3.56	1.02	91	3.71	1.10	1.15	0.32
Our bank has acquires knowledge from different sources	44	3.77	0.57	166	3.81	0.85	91	3.78	0.87	0.05	0.95
We have culture of sharing knowledge among the employees	44	3.16	0.89	166	3.63	0.91	91	3.87	0.97	8.71	0.00
Our bank acquires knowledge to add value in the service	44	3.14	0.98	166	3.64	0.83	91	3.79	0.80	9.20	0.00
Our bank manages to keep up to date with technological developments that could affect our business	44	3.61	1.08	166	3.81	0.76	91	4.14	0.81	7.38	0.00
New ideas are welcome in this organization	44	3.82	1.04	166	3.76	0.87	91	3.99	0.93	1.88	0.15

Table 5.4 clearly illustrates the practice of Knowledge Management among public, Private Joint-venture and Private Commercial Banks in Nepal. On the basis of the result of the composite mean value and standard deviation, the Private Joint-venture Banks with (CMV = 3.88 and SD = 0.91) leads, followed by Private Banks with (CMV = 3.68, SD = 0.89) and finally by Public Banks with (CMV = 3.44 and SD = 0.89) in the third place.

In addition, among the construct of knowledge management as shown in the **Table 5.4**, it can be deduced that there is no significance difference found among these banks in regard to construct "we are free to provide suggestion in business issues and our banks has acquire knowledge from different sources" Moreover, it can also be deduced that among these banks, there is a remarkable difference in constructs likes "Our people interact to share idea and our bank acquires knowledge to add value in the service". Similarly "Our bank manages to keep up to date with technological developments that could affect our business and new ideas are welcome in this organization".

In this way, among the constructs of KM "Our bank has acquires knowledge from different sources" (MV = 3.77 and SD = 0.57) and "Our bank manages to keep up to date with technological developments that could affects our business" (MV = 3.61 and SD = 1.08) that score highest mean value in Public Banks in Nepal which is more than its CMV = 3.44. But item likes "our people interact to share idea" (MV = 3.14 and SD = 0.93) and "Our bank acquire knowledge to add value in the service" (MV = 3.14 and SD = 0.98). Similarly "We have culture of sharing knowledge among the employees" (MV = 3.16 and SD = 0.89) scored the lowest mean value in Public Banks in Nepal in relation to its composite mean value.

In addition, "Our bank manages to keep up to date with technological developments that could affects our business" that scored the highest mean in Private Joint-venture Banks (MV = 4.14 and SD = 0.81) and private non joint venture banks (MV = 3.81 and SD = 0.76). Similarly "New ideas are welcome in this organization" that also scored the highest mean value in Private Joint-venture Banks (MV = 3.99 and SD = 0.93) and private non joint venture banks (MV = 3.76 and SD = 0.87) which more than its (MV = 3.88 and 3.68). But items like "We are free to provide suggestion in business issues"

that scored the lowest mean value of Private Joint-venture Banks (MV = 3.71 and SD = 1.10) and Private Banks (MV = 3.56 and SD = 1.02) which is lower than its composite mean value 3.88 and 3.68. Likewise, item like "we have culture of sharing knowledge among the employees" mean value of private non joint venture banks (MV = 3.77 and SD = 0.97) and (MV = 3.63 and SD = 0.91) of Private Banks, which is also obtained lower mean score than its composite mean value.

In spite, the CMV of Public Banks stand third place and private non -joint venture banks stand second place among these banks in Nepal in regard to practice of knowledge management. However, the item like "We are free to provide suggestion in business issues" scored MV = 3.45 in Public Banks, which means it stands at the leading place among these banks. Similarly, the item "Our bank has acquires knowledge from different sources" (MV = 3.81) of Private Banks. It stands at the leading place among these banks in Nepal.

To sum up the Table 5.4 illustrates that the culture of sharing of ideas, knowledge and experience is poor among all the three categories of Nepalese Commercial Banks amongst its employees. Likewise, there is neither the policy of banks to get suggestion from their employees regarding the business issues and problems nor are the employees suggestion taken into account. Hence, this has to be given due emphasis and an environment of the culture of sharing should be promoted by all three categories of commercial banks. The table further more depicts that all the three commercial banks have welcomed new ideas and knowledge from various sources. Despite the reality that the practices of knowledge management is found poor in all the banks but at the same time this has been taken into account very positively. To some extent it is found that the sharing cultures of knowledge among employees is progressive in Private Joint Venture Bank than compared to Public and Private Non Joint Venture Bank.

5.2.2 Descriptive analysis of KM Codification Strategy

TABLE 5.5: Descriptive analysis of KM Codification Strategy

Items	Public Banks			Private Banks			Joint-venture			F-value	p-value
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.		
Composite Value		**3.71**	**0.93**		**3.92**	**0.76**		**3.98**	**0.77**		
We use computer as the major mode of knowledge transfer	44	3.86	0.93	166	4.06	0.75	91	4.14	0.66	2.035	0.133
In our bank, knowledge (know-how, technical skill or problem solving method) is well codified	44	3.77	1.08	166	3.57	0.85	91	3.71	0.76	1.371	0.256
In our bank, knowledge can be acquired through formal document and manuals	44	3.61	0.84	166	3.96	0.70	91	3.91	0.68	4.224	0.016
We have many chances to reuse operating information frequently	44	3.34	0.96	166	3.68	0.76	91	3.66	0.75	3.336	0.037
In our bank, knowledge is shared in codified forms like manuals or documents	44	3.41	0.97	166	3.92	0.66	91	3.81	0.63	9.173	0
We maintain the database for useful information, that is easy to access	44	3.75	0.94	166	4.05	0.72	91	4.07	0.66	3.246	0.04
In our bank, results of project and meetings are documented	44	3.86	0.85	166	3.92	0.72	91	4	0.93	0.515	0.598
We have intranet facilities to communicate information	44	4.09	0.86	166	4.25	0.92	91	4.55	0.56	5.914	0.003

Table 5.5 clearly illustrates the practice of KM Codification Strategy among Public Bank, Private Joint-venture Banks and Private Banks in Nepal. On the basis of the result of the composite mean value and standard deviation, the Private Joint-venture Banks with (CMV = 3.98 and SD = 0.77) leads, followed by Private Banks with (CMV = 3.92 and SD = 0.76) and finally by Public Banks with (CMV = 3.71 and SD = 0.93) in the third place.

In addition, among the construct of KM Codification Strategy as show in the **Table 5.5**, it can be deduced that there is no significant difference found among these banks in regard to construct of "we use computer as the major mode of knowledge transfer and results of project and meetings are documented". Moreover, it can also be deduced that among these banks there is a remarkable difference in constructs like as "Knowledge (Know-how, technical skills or problem solving method) is well codified, knowledge can be acquired through formal document and manuals and we have many chances to re-use operating information frequently". Similarly, "We maintain the database for useful information, which is easy to access; we have intranet facilities to communication information".

In this way, among the constructs of KM codification strategy "we have intranet facilities to communication information and we use computer as the major mode of knowledge transfer (MV = 4.09 and SD = 0.86) and (MV = 3.86 and SD = 0.93). Similarly, "in our bank result of project and meetings are documented and knowledge (know-how, technical skills or problem solving method) is well codified" (MV = 3.86 and SD = 0.85) and (MV = 3.77 and SD = 1.08) that scored the highest mean value in Public Banking Sectors in Nepal, which is more than its composite mean value (i.e. - 3.71).

But constructs like "we have many chances to re-use operating information frequently and knowledge is shared in codified forms like manuals or documents" (MV = 3.34 and SD = 0.96) and MV = 3.41 and SD = 0.97) that obtained the lowest mean score in Public Banks in relation to its composite mean value. In addition, "We have intranet facilities to communicate information and we use computer as the major mode of knowledge transfer" that scored the highest mean in Private Joint-venture Banks (MV = 4.55 and SD = 0.56) and (MV = 4.14 and SD = 0.66) and Private Banks (MV = 4.25

and SD = 0.92) and (MV = 4.06 and SD = 0.75) which is more than its composite mean value 3.98 and 3.92 respectively. Similarly, constructs like "We maintain the database for useful information that is easy to access and results of project and meeting are documented" that also obtained maximum score than its composite mean values of both Private Joint-venture and Private Banks in Nepal. But items like "knowledge (know-how, technical skills or problem solving method) is well codified and we have many chances to reuse operating information frequently" that scored the lowest mean value of Private Joint-venture Banks (MV = 3.66 and SD = 0.75) and (MV = 3.71 and SD = 0.76) and private non joint venture banks (MV = 3.68 and SD = 0.76) and (MV = 3.57 and SD = 0.85) which is lower score than their composite mean values of both private banks.

In spite, the CMV of Public Banks stand third place and Private Banks stand in second position among these banking sectors in Nepal in regard to practice of KM codification strategy. However, the item like "knowledge (know-how skills, technical skills) is well codified in Public Banks with (MV = 3.77) means, it stands leading place among these banking sectors. Similarly, "In our bank, knowledge is shared in codified forms like manuals or documents" with (MV = 3.92) in Private Banks means it stand first place among these banking sectors in Nepal.

To sum up the Table 5.5, exhibits that the practice of Knowledge Management Codification Strategy is found to be good in all the three categories of Nepalese Commercial Banks among which the Private Joint Venture Banks stand first, followed by Private Non Joint Venture Banks and finally by Public Banks. The table also depicts that all the three commercial banks use computer as a major tool for knowledge transfer for its convenience. The table further illustrates that in regard to know how, technical skill and expertise is found well codified in the Public Banks than in Private Joint Venture and Non Joint Venture Banks. Further more it can also be seen that manual documentation for the purpose of acquiring knowledge is found to be strong in all the three categories Nepalese Commercial Banks. This shows the fact that the banks still believe in manual rather than total computation of its data.

The table also shows that there is a good practice of codified knowledge in database for easy access where results of meetings and projects are well documented in all the three categories of commercial banks in Nepal. It is also found that all these banks have good

intranet facility for communication of information in relation to organizational work, system and approach. However, although the reuse of its data for various purpose does not seem to be good in practice in all the three commercial banks which means that the Nepalese Commercial Banks lacks the skill and expertise in using its already stored data for further purpose of its business.

5.2.3 Descriptive analysis of KM Personalization Strategy

TABLE 5.6: Descriptive analysis of KM Personalization Strategy

Items	Ownership patterns of Banks									F-value	p-value
	Public Banks			Private Banks			Joint-venture				
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.		
Composite Value		**3.54**	**0.75**		**3.58**	**0.62**		**3.67**	**0.67**		
In our bank, informal dialogues and meeting are used for knowledge sharing	44	3.36	0.942	166	3.34	0.857	91	3.47	0.807	0.746	0.475
A considerable portion of our training programs involves interactions among employees	44	3.64	0.78	166	3.33	0.803	91	3.64	0.837	5.51	0.004
In our bank, knowledge can be easily acquired from experts and co-workers	44	3.68	1.177	166	3.67	0.698	91	3.57	0.777	0.536	0.586
Employees are encouraged to attend training, seminar and conferences	44	3.61	1.262	166	3.6	0.953	91	3.79	1.028	1.052	0.351
Our organization encourages learning by doing	44	3.75	0.918	166	3.8	0.818	91	3.9	0.857	0.608	0.545
Our organization associates the performance through performance appraisal	44	3.2	0.954	166	3.75	0.858	91	3.63	1.102	5.653	0.004

The **Table 5.6** clearly illustrates the practice of KM Personalization Strategy among Public Banks. Private Joint-venture Banks and Private Banks in Nepal. On the basis of the result of the composite mean value and standard deviation, the Private Joint-venture Banks with (CMV = 3.67 and SD = 0.67) leads, followed by Private Banks with (CMV = 3.58 and SD = 0.62) and finally by Public Banks with (CMV = 3.54 and SD = 0.75) in the third place.

In addition, among the constructs of KM Personalization Strategy as shown in **Table 5.6**, it can be deduced that there is no significant difference found among these banks in regard to construct of " in our bank informal dialogues and meetings are used for knowledge sharing and knowledge can be easily acquired from experts and co-workers". Similarly "employees are encouraged to attend training, seminar and conferences". Moreover, it can also be deduced that among these banks, there is a remarkable difference in constructs like "A considerable portion of our training programmes involves interactions among employees and our organization encourages learning by doing". Similarly, "our organization associates the performance through performance appraisal.

In this way, among the constructs of KM personalization strategy "our organization encourages learning by doing and knowledge can be easily acquired from experts and co-workers" (MV = 3.75 and SD = 0.91) and (MV = 3.68 and SD = 1.17). Similarly, "A considerable portion of our training programs involves interactions among employees and employees are encouraged to attend training, seminar and conference" (MV = 3.64 and SD = 0.78) and (MV = 3.61 and SD = 1.26) that scored the highest mean value in Public Banks in Nepal, which is more than its composite mean value (i.e. 3.54).

But, constructs like "our organization associates the performance appraisal and informal dialogues and meeting are used for knowledge sharing" (MV = 3.2 and SD = 0.95) and (MV = 3.36 and SD = 0.94) that obtained lower mean score in Public Banks in relation to its composite mean value (i.e. 3.54). In addition "Our organization encourages learning by doing and employees are encourage to attend training, seminar and conferences" that scored the highest mean in Private Joint-venture Banks (MV = 3.9 and SD = 0.85) and (MV = 3.79 and SD = 1.02) and Private Banks (MV = 3.8 and SD = 0.81) and (MV = 3.6 and SD = 0.95) which is more than its composite mean

value 3.66 and 3.58 respectively. But items like "informal dialogue and meetings are used for knowledge sharing and a considerable portion of our training programme involves interaction among employees" that scored the lowest mean value of Private Joint-venture Banks and private non-venture banks in relation to its composite mean value.

In spite, the CMV of Public Banks stand third place and Private Banks stand second place among these banks in Nepal in regard to practice of KM Personalization Strategy. However the items like "A considerable portion or our training programme involves interactions among employees and knowledge can be easily acquired from experts and co-workers" with (MV = 3.64 and SD = 3.68) respectively. Means of Public Banks stand leading place among these banks. Similarly, the construct like "our organization associates the performance through performance appraisal" with (MV = 3.75) in Private Banks means, it stand first place among these banks in Nepal.

To sum up the Table 5.6, in relation to the practice of knowledge management personalization strategy found to be good in Private Joint Venture Banks than Private Non Joint Venture Banks and Public Banks. The table illustrates that informal dialogues and meetings are not properly used for knowledge sharing in all the three categories of commercial banks. Although to some extent, training programs are organized for the purpose of interaction among the employees in Public Banks but this is lacking in Private Joint Venture and Non Joint Venture Banks. The table further more speaks that in Public Banks and to some extent Private Non Joint Venture Banks focuses on acquisition of knowledge through experts and co-workers than Private Joint Venture Banks. The table also depicts that the employees of all the three categories Nepalese Commercial Banks are motivated and self encourage to attend trainings, seminars and conferences for their enhancement of knowledge and skills but in practice although it has been found that it is given less priority to organize such programs.

The table also shows that all the three categories Nepalese Commercial Banks encourage their employees on the principle of learning by doing method but at the same time it can be seen that the Public Bank and Private Joint Venture Bank have given less focus on performance appraisal though Private Non Join Venture Bank is ahead on this matter.

5.3 PRACTICE OF HUMAN RESOURCE STRATEGY IN NEPALESE COMMERCIAL BANKS

This section presents the results of the study on the position secured, based on the approach of the existing practice of Human resource strategy in three different Nepalese Banking Sectors. The score from the Five-point Likert-type scale and different responses was obtained directly from the questionnaire. For this the sample was classified into public (Government owned), Private Joint-venture (Local and Foreigner peoples or companies involvement) and Private (Local Peoples or companies only) commercial banks. There are 3 Public Bank with 44 respondents, 6 private Joint-venture Banks with 91 respondents and 12 non-joint venture banks with 166 respondents. Certain disparity can be expected in relation to practice of HR strategy interms of leadership skills, interpersonal and communication skills and professional and vocational skills, among the three different types of Nepalese Commercial Banking sectors. Composite mean value of different banking sectors were compared to analyze the differences among the respondents groups of the study. Similarly, mean value of each factors and its constructs were compared to examine the differences with the subsequent standard deviation, F-test and its corresponding p-values were obtained to test the significance difference in average satisfaction level of different items of HR Strategy among the three commercial banks. The results of analysis of descriptive statistics for the HR strategy items are presented in **Table 5.7, 5.8** and **5.9**.

5.3.1 Descriptive Analysis of Human Resource Strategy

This part of the study presents Human Resource Strategy measured by the 30 items on the scale adapted from Connigham and Debrah, (1995); Adhikari, (2008); Stowe et al.; (2010). The instruments consist of one domain and three factors. Such as Human Resource Strategy (5) items, similarly, leadership skills (10) items, interpersonal and communication skills (7) items and professional and vocational skills (8) items. For this, a five-point semantic differential, agree/disagree scale was anchored with 1 = highly disagree to 5 = highly agree. For this, a coefficient alpha as an estimate of internal consistency, exceeding the minimum standard of 0.60 of Mohapatra (1993) and 0.70 of Nunallis (1978).

5.3.1 Descriptive analysis of Human Resource Strategy

TABLE 5.7: Descriptive analysis of Human Resource Strategy

| Items | Ownership patterns of Banks | | | | | | | | | F-value | p-value |
| | Public Banks | | | Private Banks | | | Joint-venture | | | | |
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.		
Composite Value		**3.51**	**0.96**		**3.46**	**0.88**		**3.56**	**0.99**		
In our bank employees knowledge and skills are developed constantly and kept upto date by means of training	44	3.46	0.99	91	3.48	0.91	166	3.74	1.03	3.34	0.04
Knowledge and skills are constantly developed by coaching and talent development program	44	3.57	1.11	91	3.19	0.82	166	3.26	0.93	3.02	0.03
Knowledge and learning competence are part of evey employees competence profile	44	3.59	0.76	91	3.57	0.82	166	3.56	0.87	6.31	0.00
In our bank, we must recruit, hire and train individuals that posses a multitude of managerial skills	44	3.61	0.78	91	3.63	0.83	166	3.69	0.97	4.22	0.02
Our bank has policy to retain employees that have a breath of knowledge and skills	44	3.28	1.17	91	3.44	1.02	166	3.54	1.13	8.71	0.00

The result illustrated in **Table 5.7** clearly shows the practice of Business Strategy among Public Banks, Private Joint-venture Banks and Private Banks in Nepal. On the basis of the result of the composite mean value and Standard Deviation, the Private Joint-venture Banks with (MV = 3.56 and SD = 0.99) leads, followed by Public Banks with (MV = 3.51 and SD = 0.96) and finally by Private Banks with (MV = 3.46 and SD = 0.88) in third place.

In addition, among the constructs Human Resource Strategy as shown in the **Table 5.7**, it can be deduced that there is a remarkable significance difference found in regard to all constructs of Human resource strategy. In this way, among the constructs of Human Resource Strategy "In our bank employees knowledge and skills are developed constantly and kept up to date by means of training and knowledge and learning competence are part of every employees competence profile" (MV = 3.61 and SD = 0.78) and (MV = 3.59 and SD = 0.76). Similarly, "Knowledge and skills are constantly developed by coaching and talent development program" (MV = 3.57 and SD = 1.11) that scored the highest mean in Public Banking sectors in Nepal which is more than its CMV 3.502. But construct like "We must recruit, hire and train individuals that posses a multitude of managerial skills and our bank has policy to retain employees that have a breath of knowledge skills (MV = 3.46 and SD = 0.99) and (MV = 3.28 and SD = 1.17) that scored the lowest mean in Public Banking sectors in Nepal, which is lower mean value than its composite mean. Similarly, "In our bank employees knowledge and skills are developed constantly and kept up to date by means of training" (MV = 3.74 and SD = 1.03) that scored the highest mean in Private Joint-venture Banks. In addition, "We must recruit, hire and train individuals that possess a multitude of managerial skills and knowledge and learning competence are part of every employees competence profile" (MV = 3.69 and SD = 0.97) and (MV = 3.56 and SD = 0.87) that scored the highest mean value in Private Joint-venture Banks and (MV = 3.63 and SD = 0.83) and (MV = 3.57 and SD = 0.82) in Private Banks, which is more than its composite mean value 3.55 and 3.46 respectively. But item like "Knowledge and skills are constantly developed by coaching and talent developed program and our banks has policy to retain employees that have a breath of knowledge and skills" that scored the lowest mean (MV = 3.26 and SD = 0.43) and (MV = 3.54 and SD = 1.13) in Private Joint-venture

Banks and (MV = 3.19 and SD = 0.82) and (MV = 3.44 and SD = 1.02) in Private Banks, which is lower than its composite mean value of both private banking sectors.

In spite, the CMV of Public Banks stand second place among these banks in Nepal. However, in factors like "Knowledge and skills are constantly developed by coaching and talent development program and knowledge and learning competence are part of every employees competence profile" (MV = 3.57 and 3.59) of Public Banks shows, it stand leading place among these banks in Nepal.

To sum up the Table 5.7, the practice of human resource strategy is found to be good in Private Joint Venture Banks than Private Non Joint Venture Banks followed by Public Banks. Table 5.7 informs that in the Private Joint Venture Bank and to some extent Private Non Joint Venture Banks develop their employees knowledge and skills by through trainings. At the same time, Public Banks develop employee's knowledge and skills through coaching and talent development program. Hence, all the three categories of commercial banks need to develop their employee's knowledge and skills by regular means of providing trainings, seminars, coaching and talent development programs which helps to cope all the challenges.

Likewise, the table also depicts that all these three categories of commercial banks believe in keeping their employees competency profile in regard to identification of their expertise but at the same time all three banks are short of policy to retain their employees who have breath of knowledge and skills. The table also relates the fact that the Nepalese Commercial Bank has the policy to recruit those people who have already possessed skills but they lack a policy of constant development of their staffs. This shows that the Nepalese Banks focus more on ready-hand people rather than enhancing their own employees through regular training, talent and skill development programs.

5.3.2 Descriptive statistics of Leadership Skills

TABLE 5.8: Descriptive statistics of Leadership Skills

Items	Ownership patterns of Banks									F-value	p-value
	Public Banks			Private Banks			Joint-venture Banks				
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.		
Composite Value		**3.27**	**0.95**		**3.402**	**0.87**		**3.53**	**1.02**		
Top management is committed to enlarging ability and creating a working environment in our bank	44	3.34	0.805	166	3.5	0.872	91	3.59	1.105	1.075	0.343
Managers are continually focused on developing and mobilizing employees. Knowledge and regularly give constructive feedback about attempted improvement, development and learning actions	44	3.32	0.934	166	3.55	0.798	91	3.63	1.04	3.48	0.03
Managers use simple oral and written languages are action oriented and facilitate the process "learning by doing"	44	3.73	1.169	166	3.63	0.741	91	3.57	1.045	3.34	0.04
Our senior leaders/managers communicate the vision and empower us to act on vision	44	3.45	1.088	166	3.43	0.834	91	3.62	1.052	4.22	0.02
Employees are continually stimulated and encouraged to identify problems of the organization	44	3.02	0.876	166	3.38	0.813	91	3.56	0.819	6.312	0.002
Explored problems are solved through brainstorming and generate creative idea and share it	44	3	1.012	166	3.33	0.89	91	3.49	0.982	4.132	0.017
Our leaders/managers have the ability to encourage employee in very effective manner	44	3.27	0.924	166	3.16	0.949	91	3.55	1.148	4.325	0.014
Our leaders/managers are very effective at problem solving	44	3	0.988	166	3.25	0.937	91	3.52	1.079	4.432	0.013
Our leaders/managers are flexible about making changes in our bank	44	3.23	0.859	166	3.34	0.913	91	3.33	1.023	0.269	0.764
When problems arise in our bank, our leaders immediately address them	44	3.41	0.816	166	3.45	0.918	91	3.44	0.921	0.029	0.972

The result illustrated in **Table 5.8** clearly shows the practice of leadership skills among Public Banks, Private Joint-venture Banks and Private Banks in Nepal. On the basis of the result of the composite mean value and standard deviation, the Private Joint-venture Banks with (MV = 3.53 and SD = 1.02) leads, followed by Private Banks with (MV = 3.40 and SD = 0.87) and finally by Public Banks with (MV = 3.27 and SD = 0.95) in third place.

In addition, among the constructs of Leadership skills as shown in **Table 5.8**, it can be deduced that there is no significance difference found among these banking sectors in regard to constructs of "top management is committed to enlarge ability and creating a working environment in our bank, our leaders are flexible about making changes in our bank and when problem arise, our leaders immediately address them". Moreover, it can also be deduced that there is a remarkable difference found in construct like "Managers are continually focused on developing and mobilizing employee's knowledge and regularly give constructive feedback about attempted improvement, development and learning action". Similarly "Managers use simple oral and written language are action oriented and facilitate the process "learning by doing, our senior managers communicate the vision and empower us to act on vision and employees are continually stimulated and encouraged to identify problem of the organization". In this way, "Explored problem are solved through brain-storming and generate creative idea and share it and our leaders have the ability to encourage employees in very effective manner and very effective at problem solving".

In this way, among the constructs of leadership skills "Managers use simple oral and written languages are action oriented and facilitate the process "learning by doing and our leaders communicate the vision and empower us to act on vision" (MV = 3.73 and SD = 1.16) and (MV = 3.45 and SD = 1.08) and "when problems arise in our bank, our leaders immediately address them and committed to enlarging ability and creating a working environment in our bank" (MV = 3.41 and SD = 0.81) and (MV = 3.34 and SD = 0.80) that scored the highest mean in Public Banks in Nepal, which is more than its CMV = 3.277. But, constructs like "Our leaders are very effective at problem solving and explored problems are solved through brain storming and generate creative ideas and share it" (MV = 3.00 and SD = 0.98) and (MV = 3.00 and SD = 1.101). Similarly "Employees are continually stimulated and encouraged to identify problems of the

organization and our leaders are flexible about making changes in our bank" (MV = 3.02 and SD = 0.87) and (MV = 3.23 and SD = 0.859) that scored the lowest mean in Public Banking sectors in Nepal, which is lower mean than its composite mean value.

Similarly, "Managers are continually focused on developing and mobilizing employees knowledge and regularly give constructive feedback about attempted, improvements, developments and learning actions, and managers are use simple oral and written languages are action oriented and facilitate the process learning by doing" (MV = 3.63 and SD = 1.04) and (MV = 3.57 and SD = 1.045) that scored the highest mean in Private Joint-venture Banks and (MV = 3.55 and SD = 0.79) and (MV = 3.63 and SD = 0.74) in Private Banks, which is more than its composite mean value = 3.53 and 3.40 respectively. Similarly, construct like "Our senior leaders communicate the vision and empower us to act on vision and committed to enlarging ability and creating a working environment in our bank" (MV = 3.62 and SD = 1.052) and (MV = 3.59 and SD = 1.105) that also obtained the highest score in Private Joint-venture Banks and (MV = 3.43 and SD = 0.83) and (MV = 3.50 and SD = 0.87) Private Banks in Nepal. But items like "Our manager are flexible about making changes in our bank and explored problems are solved through brainstorming and generate creating idea and share it" (MV = 3.33 and SD = 1.02) and (MV = 3.49 and SD = 0.98) that score lower mean in Private Joint-venture Banks in Nepal. Similarly "Our leaders have the ability to encourage employees in very effective manner and very effective at solving problems" that obtained minimum score in Private Banks in Nepal.

In spite, the CMV of Public Banks 3.277 stands third place among these banks in Nepal. However, in factor like "Manager use simple oral and written languages are action oriented and facilitate the process learning by doing" (MV = 3.73) it stands leading place among these banking sectors and followed by Private Banks (MV = 3.63) in Nepal.

To sum up the Table 5.8, leadership skill is found to be good in Private Joint Venture Banks than Private Non Joint Venture Banks followed by Public Banks. Based on the table, it can be seen that all the three categories of Nepalese commercial banks and their top managements are committed to enlarge their employees' abilities and create a working environment in their banks. Similarly the managers are also focused on developing and mobilizing employees and providing productive feedback about their

activities by using simple oral and written language. Alongside, it also shows that the leadership of Nepalese Commercial Banks are found to be achievement oriented.

However, the table also depicts that top management give less priority to stimulate and encourage their employees to identify problems of the organizations under which activities they are engaged. This shows that participatory approach is not found in Nepalese commercial banks because the top managers are seen to have a weaken role and are not involved in exploring solutions through involvement of their subordinates by using activities like brainstorming, idea sharing and informal discussion. Moreover, the table also informs that there is a lack of leadership skill regarding encouraging the employees to develop them to the changing environment. Even Nepalese managers are seen to be more or less rigid rather than flexible about accepting to new changes.

However, it can also be seen that the managers are conscious towards addressing their organizational problem when they arise. To some extent the Private Joint Venture Banks and their managers have skills to encourage their employees in an effective manner than public banks and Private Non Joint Venture banks. Nepalese Commercial Banks and their managers do realize to create working environment, team work and group work culture and encourage their employees towards learning by doing approach, however, in practice there is a lack of managerial skill found in all the three categories of Nepalese Commercial Banks.

5.3.3 Descriptive statistics of Interpersonal and Communication Skills

TABLE 5.9: Descriptive statistics of Interpersonal and Communication Skills

Items	Public Banks			Private Banks			Joint-venture Banks			F-value	p-value
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.		
Composite Value		**3.57**	**0.96**		**3.75**	**0.85**		**3.78**	**0.75**		
In our bank employees interact with consumers, peers and management on daily basis	44	3.09	1.053	166	3.55	0.912	91	3.51	0.808	4.560	0.011
Effective interpersonal communication skills are essential to social connectivity	44	4.34	0.805	166	4.07	0.740	91	4.14	0.625	2.572	0.078
I use my emotional energy to motivate others	44	3.73	0.997	166	3.45	0.856	91	3.77	0.700	5.158	0.006
I enjoy discussing organizational norms, values and ethics	44	4.02	0.698	166	3.93	0.803	91	3.95	0.621	0.257	0.774
Inter personal communication skills of managers promotes employee attachment to the organization	44	3.68	1.235	166	4.04	0.645	91	4.26	0.664	8.669	0.000
Our bank responds to staff needs positively fostering a non-discriminatory work environment	44	3.11	0.945	166	3.612	0.986	91	3.31	1.031	4.463	0.012
People learn from each other's mistakes and errors are openly discussed	44	3.05	0.963	166	3.6	1.021	91	3.52	0.799	6.2	0.002

The **Table 5.9** clearly illustrate the practice of interpersonal and communication skills among public Private Joint-venture and Private Banks in Nepal. On the basis of the result of the Composite Mean Value and Standard Deviation, the Private Joint-venture Banks with (CMV = 3.78 and SD = 0.75) leads, followed by Private Banks with (CMV = 3.69 and SD = 0.85) and finally by Public Banks with (CMV = 3.57 and SD = 0.96) in third place.

In addition, among the construct of interpersonal and communication skills as show in **Table 5.9**, it can be deduced that there is no significance difference found among these banks in regard to construct "Effective interpersonal communication skills are essential to social connectivity and I enjoy discussing organizational norms, values and ethics". Moreover, it can also be deduced that among these banks, there is a remarkable difference found in constructs like "employees interact with consumers, peers and management on daily basis, I use my emotional energy to motivate others, interpersonal communication skills of managers promotes employer attachment to the organization, our bank responds to staff needs positively, fostering a non-discriminatory work environment and people learn from each others mistakes and errors are openly discussed".

In this way, among the constructs of interpersonal and communication skills are essential to social connectivity and I enjoy discussing organization norms, values and ethics" (MV = 4.34 and SD = 0.805) and (MV = 4.02 and SD = 0.69). Similarly, "I use my emotional energy to motivate others and interpersonal communication skills of managers promotes employees attachment to the organization" (MV = 3.73 and SD = 0.99) and (MV = 3.68 and SD = 1.23) that scored the highest mean in Public Banking sectors in Nepal, which is more than its composite mean value (i.e. 3.57). But items like "In our bank employees interact with consumers, peers and management on daily basis and people learn from each others mistakes and errors are openly discussed" (MV = 3.09 and SD = 1.05) and (MV = 3.05 and SD = 0.96). Similarly, "Our bank responds to staff needs positively and fostering a non-discriminal work environment" (MV = 3.11 and SD = 0.94) that scores the lowest mean in relation to its composite mean value. In addition, "Effective interpersonal communication skills are essential to social connectivity and interpersonal communication skills of managers promoted employees attachment to the organization and I enjoy discussing organizational norms, values and

ethics" that scored the highest mean in Private Joint-venture Banks (MV = 4.14 and SD = 0.625) and (MV = 4.26 and SD = 0.66) and (MV = 3.95 and SD = 0.62) and (MV = 4.07 and SD = 0.74) and (MV = 4.04 and SD = 0.64) and (MV = 3.93 and SD = 0.80) Private Banks in Nepal, which higher mean values than its composite mean value (i.e. 3.83 and 3.69 respectively).

But, items like "In our bank employees interact with consumers, peers and management on daily basis and our bank responds to staff needs positively and fostering a non-discriminatory work environment" (MV = 3.51 and SD = 0.80) and (MV = 3.62 and SD = 0.98) of Private Joint-venture Banks and (MV = 3.55 and SD = 0.91) and (MV = 3.31 and SD = 1.01) of private non joint venture banks, that score lower mean value than its composite mean values.

In spite, the CMV = 3.57 of Public Banks stand third place among these banking sectors in Nepal, however, in factor like "I enjoy discussing organizational norms, value and ethics" (MV = 4.02), it stand leading place among these banking sectors in Nepal.

As according to table 9, it can be seen that all the three categories Nepalese Commercial banks have realized the essentiality of interpersonal and communication skills for organizational benefit, alongside, to establish social connection and interaction among its employees, consumers and management team. In spite of this, the table also shows that the practice of interpersonal and communication skills is better in Joint Venture Banks in comparison to other Nepalese Commercial banks.

However, in reality interpersonal and communication skills in all the three categories of Nepalese Commercial Banks are not up to expectation, despite their realization of the need of interpersonal and communication skills among its employees, consumers and management team. All the managers of the Public Banks, Joint Venture Banks and Non Joint Venture Banks recognize the significance of interpersonal and communication skills to promote employees' attachment to the organization for building and maintaining the relationship of trust, loyalty and create a conducive environment of self respect and confidence that ultimately affects the organizational performance. Despite the reality, the table also depicts that due to lack of these skills, Nepalese Managers have not been able to create a non discriminatory work environment in their banks.

To sum up the Table 5.9, it can also be seen that the employees of all the three categories of commercial banks enjoy to discuss their organizational norms, values and ethics. But in this regard the employees of Public Banks are more inclined towards it than the other two Nepalese Commercial Banks. Similarly, to some extent it is also found that the ability of manager in public banks is found to be more positive towards negotiating and empowering their employees for organizational work and performance in comparison to Private Joint Venture and Non Joint Venture Banks.

The table also informs that the culture of sharing is also low in all the three categories Nepalese Commercial Banks because of the lack of thorough practice in relation to respond employees views and feelings, to create a conducive work environment and use emotional energy of the manager in team building and promoting to accept the change.

5.3.4   Descriptive Statistics of Professional and Vocational Skills

TABLE 5.10: Descriptive Statistics of Professional and Vocational Skills

Items	Ownership patterns of Banks									F-value	p-value
	Public Banks			Private Banks			Joint-venture Banks				
	N	Mean	S.D.	N	Mean	S.D.	N	Mean	S.D.		
Composite Value		**3.17**	**0.89**		**3.50**	**0.79**	**3.60**	**0.88**			
Our bank has high degree of expertise experience and education to do something and perform a specialized task	44	3.41	0.996	166	3.51	0.899	91	3.69	0.891	1.828	0.163
Our bank has policy to improve employee capabilities to respond quickly to change, innovate and assimilating new technology	44	3.16	1.033	166	3.36	0.740	91	3.67	0.978	6.205	0.002
Our bank has live policy to produce and optimize skills as a collective entity	44	3.16	0.939	166	3.39	0.792	91	3.44	0.833	1.808	0.166
Our banks employees are fairly engaged and contribute optimum	44	2.93	0.759	166	3.55	0.751	91	3.58	0.817	12.477	0.000
Our bank employees are involve to accomplish their job in right time in very effective manner	44	3.43	0.759	166	3.67	0.748	91	3.64	0.949	3.34	0.04
Employees have the skills to adequately categorize, use and maintain knowledge	44	3.07	0.846	166	3.60	0.678	91	3.65	0.780	10.631	0.000
Employees know where particular knowledge can be found in the organization and it is transparent to everyone who knows what	44	3.18	0.786	166	3.47	0.926	91	3.45	0.834	1.935	0.146
Knowledge is constantly being implemented and incorporated into new products, services and process	44	3	0.988	166	3.48	0.829	91	3.66	0.980	8.007	0.000

The **Table 5.10** clearly illustrates the practice of professional and vocational skills among public, Private Joint-venture and Private Banks in Nepal. On the basis of the result of the composite mean value and standard deviation, the Private Joint-venture Banks with (CMV = 3.60 and SD = 0.88) leads, followed by Private Banks with (CMV = 3.50 and SD =0.79) and finally by Public Banks with (CMV = 3.17 and SD = 0.89) in third place.

In addition, among the constructs of professional and vocational skills as shown in **Table 5.10**, it can be deducted that there is no significance difference found among these banking sectors in regard to constructs 'our bank has high degree of expertise, experience and education to do something and performed specialized task, our bank has live policy to produce and optimize skills as a collective entity and employees know where particular knowledge can be found in the organization and it is transparent to everyone who knows what". Moreover, it can also be deduced that among these banks, there is remarkable difference found in constructs likes "our bank has policy to improve employee capabilities to respond quickly to change, innovate and assimilating new technology, our banks employees are fairly engaged and contribute optimum, our bank employees are involve to accomplish their job in right time in very effective manner, employee have the skills to adequately categorize, use and maintain knowledge and knowledge is constantly being implemented and incorporated into new products, services and process".

In this way, among the constructs of professional and communication skills "our bank has high degree of expertise, experience and education to do something and perform a specialized task and our bank employees are involve to accomplish their job in right time in very effective manner". (MV = 3.41 and SD = 0.99) and (MV = 3.43 and SD = 0.75). Similarly, "Employees know where particular knowledge can be found in the organization and it is transparent to everyone who knows what" (MV = 3.18 and SD = 0.78) that scored the highest mean in Public Banking sectors in Nepal, which is more than its composite mean value (i.e. 30168). But, items like "our bank employees are fairly engaged and contribute optimum and employees have the skills to adequately categorize use and maintain knowledge" (MV = 2.93 and SD = 0.759) and (MV = 3.07 and SD = 0.84). Similarly, "knowledge is constantly being implemented and incorporated into new products, services and process" (MV = 3.00 and SD = 0.98) that

scores lower than its composite mean value. In addition, "Our bank has high degree of expertise, experience and education to do something and perform a specialized task, our bank has policy to improve employee capabilities to respond quickly to change, innovate and assimilate new technology and our bank employees are involve to accomplish their job in right in very effective manner" (MV = 3.69 and SD = 0.89) and (MV = 3.67 and SD = 0.97) and (MV = 0.64 and SD = 0.99) that scored the highest mean in Private Joint-venture Banks in Nepal, which is more than its composite mean value (i.e. 3.59). Similarly "Employees have the skills to adequately categorize, use and maintain knowledge and knowledge is constantly being implemented and incorporated into new products, services and process" (MV = 3.65 and SD = 0.78) and (MV = 3.66 and SD = 0.98) that also obtained higher score than its composite mean value (i.e. -3.59). But, items like "Our bank has policy to produce and optimize skills as a collective entity and our bank employees are fairly engaged and contribute optimum" (MV = 3.44 and SD = 0.83) and (MV = 3.58 and SD = 0.817). Similarly, employees know where particular knowledge can be found in the organization and it is transparent to everyone who knows what (MV = 3.45 and SD = 0.83) that score lower than its composite mean value = 3.59. In this way, "our bank ahs high degree of expertise, experience and education to do something and perform a specialized task and our bank employees are fairly engaged and contribute optimum" (MV = 3.51 and SD = 0.89) and (MV = 3.55 and SD = 0.75). Similarly, "our bank employees are involve to accomplish their job in right time in very effective manner and employees have the skills to adequately categorize use and maintain knowledge (MV = 3.67 and SD = 0.74) and (MV = 3.60 and SD = 0.67) that scored the highest mean in Private Joint-venture Banks in Nepal, which is more than its composite mean value (i.e. 3.50). But, item likes "our bank has policy to improve employee capabilities to respond quickly to change, innovate and assimilating new technology, our bank has live policy to produce and optimize skills as a collective entity, employees know where particular knowledge can be found in the organization and it is transparent to everyone who knows what and knowledge is constantly being implemented and incorporated into new products, services and process" that score obtained the lowest mean score than its composite mean value.

In spite, the CMV = 3.504 of Private Banks stand second place among these banks in Nepal. However, in factor likes "our bank employees are fairly engaged and contribute

optimum and our employees and involve to accomplish their job in right time in very effective manner and (MV = 3.58 and SD = 3.67) respectively. It shows that it stands leading place among these banks in Nepal. Similarly, the item like "Our bank has high degree of expertise experience and education to do something and perform a specialized task".

As according to Table 10, it can be see that the practice of professional and vocational skills is found to be good in the three categories Nepalese Commercial Banks, however, the Private Join Venture Banks is better than the other two banks. The table also depicts that all the three categories of commercial banks possess adequate level of experienced, educated employees as well as experts required to accomplish their specified tasks despite the fact they have not been able to utilize it adequately. Moreover, all the three categories of Nepalese Commercial Banks have policy to improve their employees' capacity to respond to changing environment, innovation and handling new technology and method. But in reality, it is implemented in minimal level in Public Banks and Private Non Joint Venture Banks with slight degree of progress in Private Joint Venture Banks.

Likewise, all the three categories of Nepalese Commercial Banks lack active policy to continuously enhance knowledge and skills by adopting holistic approach in their respective banks, which means improvement of collective entity is ignored and individualism is prioritized. Similarly, employees of Public Banks are very poorly engaged and inadequately contribute their knowledge and skill whatever they possess towards their job. However, it is seen that there is slight improvement in this regard in Private Non-Joint Venture followed by Private Join Venture Banks.

To sum up the Table 5.10, also depicts that Nepalese Banks emphasize in involving their employees to accomplish their set goals and it is seen that the employees are also focused to accomplish the set jobs on the given time not out of their interest or their willingness. This is because the table also depicts that Nepalese Banks are not successful in engaging their employees in their area of interest without taking into consideration the employees interest.

Though the Nepalese Commercial Banks employees are not fairly engaged in their job but nevertheless they are able to accomplish their job within time which shows that

they do have the capacity to perform their assigned task within the deadline that means they have lot of untapped potentiality which has not been successfully handled by the responsible persons.

The table also points that the employees are not well aware about the knowledge centre of their respective organization which in itself is not transparent to everyone in all the three groups of Nepalese Commercial Banks. In the same way, knowledge and skill is less considered for innovation and value add in their product and service. This shows that there is a need of improvement of professionalism and vocational skills in the managerial level as well as operational level employees of all the three groups of Nepalese Commercial Banks.

CHAPTER SIX

ALIGNMENT OF KNOWLEDGE MANAGEMENT WITH HUMAN RESOURCE AND BUSINESS STRATEGY

To get detailed information about alignment in the field of knowledge management, this study has attempted to examine the requisite elements and real ground of strategic integration in Nepalese commercial banks. To put it, succinctly, this research has provided many insights into the various factors that are important for achieving strategic alignment in the filed of knowledge management. Based on previous published literature in the field of alignment, it is believed that the result of the study can provide better understanding of key success factors of strategic relationship among knowledge management, business and HR strategies. Such discussions have been useful in expanding our awareness of degree of relationship among three independent variable and in offering insight into the rational for the linkage.

However, it can be said that knowledge has become a valuable strategic asset that can provide proprietary competitive advantages and agility for any companies, only if understood from an action-oriented perspective. Recently, with rapid changes in the business environment, organizations are increasingly looking at human resources as a unique asset that can provide sustained competitive advantage, so far as, people are viewed as the most important resources to firms. HR strategy will be central to achieve competitive advantages. Firms should view HR strategy as an important tool for aligning competence inside an organization and for matching employment capabilities with organizational business strategies and should investigate how various combinations of capabilities can lead to competitive advantage (Sun and Ju, 2009). So, it is believed that the alignment between KM, business and HR strategies is important for the managing of the total organizational activities which should be in perfect fit with the strategic plan and goals. Therefore, the strategic alignment between KM for managing business activities must be considered for organizational performance (Asoh, 2004; Shih and Chiang, 2005; Granier, et. al; 2007). In other words, it is critical and necessary to choose and manage right employees skills for different KM strategies. So, it is reasonable to contend that a higher business performance will be achieved, if the

strategic alignment between KM, business and HR strategies are well conducted in an organization in a fitting way.

In this section, this study attempts to explore the relationship between the various factors of KM and business strategies and to what extent the variables are correlated to each other. For research purpose, the independent variable of KM strategy, which consist of one domain and two factors (i.e. codification strategy and personalization) with 21 constructs on the 5 point Likert type scales are designed to make a conclusion of business strategy in Nepalese commercial banking sector.

Similarly, independent variables of business strategy which consist of one domain (i.e. business strategy) and two factors (such as cost leadership and differentiation strategies) with 20 items on the 5 point Likert type scale are designed and another independent variable of HR Strategy, which consist of one domain (i.e. general constructs of HR Strategy) and three domain (such as leadership skills, interpersonal and communication skills) with 30 items on the 5 point Likert type are designed to make a conclusion of HR Strategy in Nepalese commercial banks.

Therefore, this research work empirically investigates the relationship between the KM, business and HR strategies in Nepalese commercial banks. It is an empirical question, that the three commercial banks with access to a greater pool of their association will have better position of their organizational arrangements. It shows the interrelationship among the variables of KM, business and HR strategies. It is considered that a positive relationship exists among three independent variables which is examined in this work. For this, Spearman rank correlation coefficients calculated for the level and first difference in the variables and p-values are listed in parenthesis. Rank correlation matrix has been computed to assess the extent or degree of relationship in between the variables.

The importance of globalization of financial markets has forced banking industry to be focused on knowledge-based service and be more practical in managing knowledge in their operations. The study attempts to confirm the ability of strategic choice and degree of relationship for success operation in Nepalese commercial banking sectors. In regard to knowledge management strategy, two measurable variables (i.e. KM codification and KM personalization strategies) have been selected to make it easier for

Nepalese banks and their managers to focus their officer level staff on these factors to determine the specific and holistic executions of action.

Therefore, this study explores that Nepalese banks have realized the importance of the practice of KM strategy relates to its strategic arrangements in building and managing knowledge stock through the effective process of creating, transferring, and disturbing knowledge. The result of this study infers that Nepalese commercial banks have realized the importance of knowledge management in their respective bank. But managers in Nepalese commercial banks have lesser focused in regard to define KM Strategy, create and share knowledge in a extended way in their banks in regards customer, competitors and target groups.

TABLE 6.1: Spearman Rank Correlation Matrix

Correlation (Independent)

	BS	CL	DS	KMS	KMCS	KMPS	HRS	HRLS	HRIC	HRPVS
Business Strategy (BS)	1.000									
	0.000									
Cost Ledership (CL)	.510**	1.000								
	0.000	0.000								
Differentiation Strategy (DS)	.604**	.548**	1.000							
	0.000	0.000	0.000							
Knowledge Mmgt. Strategy (KMS)	**.545****	.528**	.675**	1.000						
	0.000	0.000	0.000	0.000						
KM Codification Strategy (KMCS)	.486**	**.139**	**.213**	.512**	1.000					
	0.000	**0.637**	**0.583**	0.000	0.000					
KM Personalization Strategy	.546**	**.153**	.651**	.719**	.461**	1.000				
	0.000	**0.613**	0.000	0.000	0.000	0.000				
HR Strategy	**.547****	.475**	.628**	.639**	.425**	.765**	1.000			
	0.000	0.000	0.000	0.000	0.000	0.000	0.000			
HR Leadership (HRLS)	.533**	**.231***	.656**	.710**	**.132**	.734**	.765**	1.000		
	0.000	**0.031**	0.000	0.000	**0.715**	0.000	0.000	0.000		
HR Interpersonal and Com Skills (HRIC)	.512**	.492**	.518**	.651**	.487**	.614**	.579**	.632**	1.000	
	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
HR Professional and Vocational Skills (HRPVS)	.565**	**.234**	**.415***	.675**	.521**	.697**	.675**	.750**	.627**	1.000
	0.000	**0.651**	**0.016**	0.000	0.000	0.000	0.000	0.000	0.000	0.000

N = 301   **. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (1-tailed).

Table 6.1 summarizes the correlation matrix with co-efficient and p-values which are listed in parenthesis. Correlation co-efficient indicates that a positive relationship exists in all factors of knowledge management, business and human resource strategies in Nepalese commercial banks which significant at the 0.01 level. This means, Nepalese commercial banks have realized the importance of knowledge management for organizational performance with alignment of its strategy with people, organizational structure, technology and market conditions. Hypothesis 'I' states that there is a positive relationship between knowledge management and business strategies. The results in **Table 6.1** which shows the relationship item accounts for significant (r = 0.545 and P < 0.000) at the 0.01 level. It is seen that the result indicates that people and their knowledge and experience are indispensable for designing and implementing business strategy. Therefore, these two are complementary to each other. This result is consistent with Hsi and Yun, (2005); Granier et. al.,(2007). An effective and efficient use of organizational knowledge requires the alignment of knowledge strategies with business strategies (Abou-zied, 2003).

Similarly, hypothesis 'II' and 'III' states that "there is positive relationship between KM codification and business cost leadership; and KM codification and business differentiation strategies". The result depicts that the relationship exist positively in both statements, but does not accounts for significant at 0.01 and 0.05 level statistically (r = 0.139, p = 0.637 and r = 0.213, p = 0.583). This result shows that the weakest significant relationship exists between KM codification strategy and business cost leadership strategy. Similar result found in between KM codification strategy and business differentiation strategy in Nepalese commercial banks. The stronger link between cost leadership and Codification Strategy was conceptually supported by the literature. For example (Shil and Chiang, 2005; Granier et. al., 2007), but not well supported in this empirical study. This means, Nepalese commercial banks have IT facility but still requires to invest heavily in the development of IT infrastructure, and codified their process into e-libraries and data base for all the employee to use it properly because of the maximum level of uses of these technologies. It can help Nepalese commercial banks to created and retained knowledge in database. Therefore, codified knowledge can not only be shared among the employees but it will also be easily accessible through the connection of people and technology. It is because KM

codification strategy must be align with its business cost leadership strategy for pursuing production efficiency and economy of scale to maintain their competitive position in market (Ali and Ahmad, 2006; Shih and Chiang, 2005). Therefore, this result supports the study of Ali and Ahmad, (2005).

Similarly, Nepalese banks should require the continuous improvement of their employees knowledge and expertise to motivate and empower their employees at different levels to use their knowledge and experience, to re organize and restructure organizational setting and to improve the interfaces for knowledge sharing for innovation and system developments.

Next Hypothesis 'IV' states that there is positive relationship among KM personalization strategy and differentiation strategy. The result in **Table 6.1** illustrates that a positive relationship exists between both strategies which is significant at 0.01 level (r = 0.651, p < 0.000). This result shows that the relationship between KM personalization strategy and business differentiation strategy registers positive significance in Nepalese commercial banks. This means that Nepalese commercial banks have emphasized to optimize their employees knowledge and skills by continuously, encouraging group discussion and problem-solving-and-sharing, and brainstorming new ideas. Furthermore, if banks want to produce differentiated, customized and innovated products to satisfy customer needs, then they need to make the alignment between personalization strategy and differentiation strategy a fit. These two strategies are well supported with each other. Therefore, this result is consistent with the study of (Granier et. al., 2007).

Similarly, Hypothesis 'V' states that there is a positive relationship between KM personalization strategy and business cost leadership strategies. The **Table 6.1** reveals that the positive relationship exists but not significantly statistics-wise (r = 0.153, p = 0.613). This means that there is no strong relationship between KM personalization and business cost leadership strategies in Nepalese commercial banks. Therefore, if Nepalese commercial banks want to develop satisfaction level in a wide range of customer needs by providing customized as well as innovative goods and services there must be proper communication system among people to people, extensive training for the employees, well defined job and reward system, and other inducements. Furthermore, banks which want to develop high quality service, then that must be in

consonance with employees working performance, and that must be used strategically to gain operational knowledge to connect people with system approaches. This result is strongly supported by the study of Sun and Ju, (2009).

Furthermore, the **Table 6.1**, reveals that all the factors of KM and HR strategies are positively correlated with each other except between KM codification strategy and HR leadership skill. Similarly, the knowledge management and HR Strategies as proposed in the hypothesis, show a significant relationship existing between all factors of KM and HR strategies (H6) (r = 0.639, P = 0.000) at 0.01 level, and KM Codification Strategy and all other factors of HR strategy in terms of interpersonal and communication skills, professional and vocational skills with significance level (r = 0.487, P = 0.000 and r = 0521, P = 0.000)(except KM codification strategy and HR leadership skills, (r = 0.132, p = 0.715). This result shows the knowledge, skill, ability and behaviour of the employees and the interaction among them are the potential that provides the basis for the formulation and implementation of strategy in their respective organizations. Therefore, every type of organization which wants to achieve competitive advantage through techniques should practice for managing its workforce interrelation in regard to their job and performance. What this means is that, the result exhibited by the table depicts that success and failure of strategic connection between KM strategy and all factors of HR strategy are mostly dependent on how the banking industry strategically manages its employees' knowledge and skills in relation to HR strategy and practice. This result is well supported by the study (Tsang Ho, 2009; Adhikari, 2008; Shih and Chiang, 2005). Similarly, hypothesis 'H7' states that there is a positive relationship between KM personalization strategy and HR leadership skills, interpersonal and communication skills and professional and vocational skills. The **Table 6.1** reveals that KM Personalization Strategy and all factors of HR Strategy in terms of leadership, interpersonal and communication skills and professional and vocational skills are significantly correlated (r = 0.765, p = 0.000) at 0.01 level. Thus, the results indicate that the choice of suitable strategy not only depends on the type of knowledge (i.e. tacit explicit) to be shared for generating but also on the manner of using leadership skills, interpersonal and communication skills and professional and vocational skills. Thus, the Nepalese commercial banks with access to a greater pool of KM personalization strategy (such as, knowledge linked to person, training mode, sharing culture, incentive and reward systems) are more likely to have better developed

HR related skills. Therefore, interaction between KM personalization strategy and HR Strategy need to be considered for the successful application of KM initiatives with the helps of employees leadership skills, interpersonal and communication skills and professional and vocational skills in a Nepalese banks. This result seems to be consistent with (Shih and Chiang, 2005; Adhikari, 2008; Stowe et. al., 2010). Hypothesis H9 states that basic strategy and HR Strategy.

The **Table 6.1** depicts that the importance of business strategy for effective KM activities in relation to HR strategy in terms of leadership skills, interpersonal and communication skills and professional and vocation skills has been seriously and positively considered by Nepalese commercial banks because these skills in an organization immediately help to create and share knowledge to perform the job in a very effective manner. Thus, business, knowledge management and HR strategies are interdependent. This result is well supported by the study of (Shih and Chiang, 2005; Adhikari, 2008; Stowe, et. al., 2010).

In short, out of 9 (H1 - H9) hypothesis, Hypothesis (H1, H4, H6, H7, H8 and H9) were strongly significant correlated with each other at the significant 0.01 level: only KM codification strategy and HR leadership skills , and three hypotheses (H2, H3, H5) not are strongly significant, but a positive relationship exists among them. This means that six different hypotheses are well supported and three hypotheses are not strongly supported in Nepalese commercial banks, even though the relationship between KM codification strategy and business cost leadership strategy is conceptually supported in the previous literature. Therefore, **Table 6.1**, summarizes the research hypothesis and whether or not the hypothesis is supported by the results in **Table 6.1**.

TABLE 6.2: Research Hypothesis Result and Supported Study

Hypothesis	Results	Supported findings
H1: There is a positive relationship between KM Strategy and Business Strategy	Positively significant	Shih and Chang, 2005 Granier et. al., 2007
H2: There is a positive relationship between KM codification strategy and business cost leadership strategy	Non - significant	Hsi and Yun, 2005 (Conceptually supported)
H3: There is a positive relationship between KM codification and business differentiation strategies	Non - significant	Ali and Ahmad, 2006
H4: There is a positive relationship between KM personalization and business differentiation strategies	Positively significant	Shih and Chang, 2005 Granier et. al., 2007
H5: There is a positive relationship between KM personalization and business cost leadership strategies	Non - significant	Sun and Ju., 2009
H6: There is a positive relationship between KM and HR strategies	Positively significant	Shih and Chang, 2005 Adhikari, 2008 Stowe et. al., 2010
H7: There is a positive relationship between KM codification strategy and HR leadership skills, interpersonal and communication skills and professional and vocation skills.	Positively significant (except KM codification and leadership)	Stowe et. al., 2010 Adhikari, 2008
H8: There is a positive relationship between KM personalization strategy and HR leadership skills, interpersonal and communication skills and professional and vocational skills.	Positively significant	Stowe et. al., 2010 Adhikari, 2008
H9: There is a positive relationship between KM, business and HR strategies in Nepalese commercial banks.	Positively significant	Shih and Chang, 2005 Adhikari, 2008 Stowe et. al., 2010
H10: There is a positive relationship between KM, business and HR strategies, which have a positive impact on a firm's performance, measurable with job satisfaction, commitment, individual competence, and market and financial performance.)	Positively significant	Sun and Ju., 2009 and Shih and Chang, 2005

CHAPTER SEVEN

IMPACT AND CONTRIBUTION OF ALIGNMENT ON ORGANIZATIONAL PERFORMANCE

7.   INTRODUCTION

The purpose of this chapter is to examine Knowledge Management Strategic Alignment from the approaches of organizational perspectives. This study also investigated the perceived contribution and its impacts of alignment between knowledge management strategy, business strategy and HR strategy on organizational performance. In this study, a strategic alignment model in this field of KM was developed and tested for its ability to measure alignment between KMS, BS, and HRS for organizational performance (i.e., Job Satisfaction, Commitment, Individual Competence, Market and Financial Performance) in the three groups of Nepalese Commercial Banks.

Hypothesis 10: *There is a positive relationship between KM Strategy, Business Strategy and HR Strategy has a perceived impacts on firm performance, measuring with job satisfaction, commitment, individual competence and market and financial performance.*

The researcher used multiple regression analysis, where more than one predictors are jointly regressed against dependent variable. The F-statistics and its significance level are used to test of the significance of the overall regression model, and R^2 provided the proportion of the variance in the dependent variable that can be explained by the independent variables. The t-statistics value are examined for the importance of each individual predictor. Similarly, D.W. test are used to assess the whether or not auto correction exist among the error terms. In this regression model, auto correlation are calculated and found to be less than 0.5 for each model. So that the decision to proceed with all models are upheld since the auto correlation within acceptable limit. Therefore, the following R model was estimated and used to examine and explore the impacts of alignment between knowledge management strategy, business strategy and HR Strategy (Independent variables) for (Dependent variable) organizational performance measured in Job Satisfaction, Commitment, Individual Competence, Market and Financial Performance.

Regression Models:

$$Y_P = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Where,

Y_P = Organizational Performance

α_0 = Constant Term

β_1 = Coefficient of Business Strategy

X_1 = Business Strategy

β_2 = Coefficient of Knowledge Management Strategy

X_2 = Knowledge Management Strategy

β_3 = Coefficient of Human Resource Strategy

X_3 = Human Resource Strategy

$$Y_{JS} = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (2)$$

Where,

Y_{JS} = Job Satisfaction

$$Y_C = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (3)$$

Where,

Y_C = Commitment

$$Y_{IC} = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (4)$$

Where,

Y_{IC} = Individual Competence

$$Y_{MFP} = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (5)$$

Where,

Y_{MFP} = Market and Financial Performance

To measure the various dimension of organizational performance. The researcher divided organizational performance into four dimensions including Job Satisfaction (5 items), Commitment (4 items), Individual Competence (6 items) and Market and financial performance (10 items). For this, 5-point likert type scale were used and data collected from 3 public banks 7 private Joint venture banks and 11 Private Non-joint venture banks with total 301 respondents from three different groups of Nepalese commercial banks.

Results:

The correlations of the independent variables are tested and found positively correlated with each other except between KM codification and business cost leadership strategy, KM codification and business differentiation strategy, Personalization and business leadership strategy, KM Codification and Leadership skills. So, indicating the problem of multicollinearity. Therefore, for each regression analysis, multicollinearity analysis was examined before by computing the variance inflation factors (VIF) for all independent and dependent variables. For five regression, the highest VIF value was 4.893, which is well below the acceptable cut off value 10. The below of 10 VIF value indicates that multicollinearity does not constitute a problem in regression analysis (Gujrati and Sangeetha, (2010); Jiang et. al., (2013). Therefore, the decision to proceed with regression analysis in this study.

TABLE 7.1: Multiple Regression Analysis showing Job Satisfaction as Dependent Variable with the dimensional BS, KMS and HRS as individual predictors.

Variable (NO. – 301)

Variables	Model 1: $Y_{JS} = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + C_i$
D.V. JS	$Y_{JS} = 1.225 + 0.065\ X_1 + 0.071\ X_2 + 0.057\ X_3$
BS	$\qquad\qquad$ (0.023) $\quad$ (0.017) $\quad$ (0.032)
KMS	$R^2 = 0.361$
HRS	Adj. $R^2 = 0.355$ $\qquad\qquad$ D.W. = 1.853
	F-Value = 56.043
	P-Value = 0.000

Correlation Significant at 0.1 level, Y_{JS} = Dependent Variables Job Satisfaction, BS – Business Strategy, KMS – Knowledge Management Strategy, HRS = Human Resource Strategy, D.W. – Durbin-Watson Test.

Multiple regression analysis is used to examine the relationship between Business Strategy, Knowledge Management Strategy and Human Resource Strategy and Job Satisfaction is in this model consider as the dependent variable. As shown in table 7.1, shows that Business Strategy, Knowledge Management Strategy and Human Resource Strategy contribute positively ($p < 0.043$, $p < 0.001$, $p < 0.027$) to job satisfaction and explain 35.5% of its total variance (Adjusted $R^2 = 0.0355$). According to Jand and

Prasarnphanich (2003). This is moderate level effect. This means the alignment between these individual predictors explain moderate level effects of the employees towards job satisfaction in Nepalese Commercial banks. This means job satisfaction level of employees in Nepalese Commercial Banks found to be moderate but the role of banks and their managers in allocating the necessary resources towards sustaining HR initiatives require more attention. Therefore, it is evident that it is not only the KM practice alone but other factors also play a role in helping on banks to have a well attaining job satisfaction in work place.

Furthermore, it indicates that the employees of the Nepalese Commercial Banks are not much satisfied with their job. This explains that the retention rate is low and turnover rate of the employees is high. This findings are line with the previous study conducted by Jand and Prasarnphanich, (2003). It is because, employees job satisfaction is a critical concern for organizations attempting to build knowledge and maintain it. Job Satisfaction actually represents quality of worklife and through effective human resource practice can only help in increasing employee (Knowledge Worker) retention rates and decreasing costly employee departure rates, (Alavi and Leidner, 2001 and Mark S. Socket, 2001). Furthermore, the literature described that inorder to learn and develop through a knowledge management practice, knowledge workers need to be give the freedom that is the autonomy to decide how to work, how to schedule work and how to assign resources to their work. Therefore, it can be noticed that Nepalese Commercial banks used to give more attention to invest time and effort for creating a knowledge learning centered and to work objectives in a good and clear structure and incentives resulting job satisfactions of the employees.

To analyze the individual predictors the satisfaction which is the regression coefficient divided by the standard error (SE) was significant for all of these variables. The beta weight presented in table 7.1, illustrates that knowledge management strategy (β 0.071) had the large impacts on the model i.e. job satisfaction. This means knowledge management strategy itself has a strong influence on employees job satisfaction in Nepalese commercial banks ($\beta = 0.71$, $P<0.017$), followed by Business strategy ($\beta = 0.61$, $P<0.023$) and HR Strategy (B = 0.57, $P<0.032$). In regard to job satisfaction, it is seen that there is no large variance found between the individual predictors i.e. KM, Business and HR Strategies towards job satisfaction of the employees in Nepalese

commercial banks. The Table depicts that Knowledge Management Strategy contributes the most in predicting job satisfaction compared to business strategy and HR strategy. This shows that the executives of the Nepalese Commercial Banks do realize the importance of Managing knowledge in a bank strategically that is well understood by all employees in relation to their business strategy and HR strategy.

It is also found that HR strategy (β = 0.57, p<0.032) by itself it has less effect to job satisfaction in Nepalese Commercial Banks but based on previous literature it is claimed that Human Resource Practice is an important aspect to create job satisfaction (Hsi & Yun, 2006). Competent and skillful human resource can only help in increasing employee job satisfaction may translate to improved work performance. Training is an important tool to develop HR for meeting the challenges and grabbing opportunities of the market by providing knowledge and skills (Jyoti et. Al., 2012). Furthermore, it is said that strategic human resource practice ensures that human resources are developed employed in a manner conducive to the attainment of organizational goals. Therefore, to accomplish improved work products and job satisfaction of the employee (Knowledge worker) of the Nepalese Commercial Banks pay less attention to provide career oriented and job oriented trainings in a regular interval which will enable the worker to feel more secured and competent in work. Likewise, the Table also shows that there is less focus towards reward system for work well done and a fearless environment for taking calculated risk. This finding is line with the previous study of (Jyoti et. Al., 2012; Jand and Prasarnphanich, 2003). Job satisfaction should increase the probability that they would stay with the organization and subsequently would keep their knowledge within the organization. Given that an individual has a certain need for growth, increasing growth opportunities translate to more growth and job satisfaction. Therefore, strategic knowledge management practice in regard to strategic HR practice for attaining business performance considered less focus in Nepalese Commercial Banks. So, effective utilization of Knowledge Management practice is considered as a means to expand their knowledge and competing ability, their opportunity for personal growth and development would be enhanced to improve performance. This finding is consistent with Jand and Prasarphanich (2003).

TABLE 7.2: Multiple Regression Analysis showing employee commitment as dependent variable with the dimension of BS, KMS, and HRS as individual Predictors.

<div align="center">Variable (NO – 301)</div>

Variables	Model 2: $Y_C = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + C_i$
D.V. C	$Y_C = 2.579 + 0.090\ X_1 + 0.025\ X_2 + 0.039\ X_3$
BS	(0.001) (0.341) (0.012)
KMS	$R^2 = 0.326$
HRS	$Adj.\ R^2 = 0.319$ D.W. = 1.610
	F-Value = 47.785
	P-Value = 0.000

Correlation Significant at 0.01 level, Y_C = Dependent Variables; Employee Commitment, BS – Business Strategy, KMS – Knowledge Management Strategy, HRS = Human Resource Strategy, D.W. – Durbin-Watson Test.

Multiple regression analysis was used to examine the relationship between business strategy, knowledge management strategy and HR strategy and dependent variable employee commitment. As shown in table 7.2, the alignment between business strategy, knowledge management strategy and HR strategy contribute positively ($p<0.001$, $p<0.341$, $p<0.012$) to commitment for an explanatory relationship and explain 31.9% of its total variable (Adjusted $R^2 = 0.319$). This means, the level of employee commitment in Nepalese commercial banks are found at average level. However, the role of the manager in enhancing their employees commitment toward job and organization itself requires attention. Therefore, the alignment between Knowledge Management, Business Strategy, and HR Strategy explains significant percentage of effect in employee commitment but at the same time other important components that effect the employees commitment also needs to be considered positively. Rewards management emerged as another important factors that should be designed to establish a direct relationship between employee commitment and performance. The findings are line with the previous study conducted by Pene (2000) and Goel et. al. (2012).

The reward and incentive systems should communicate that company's commitment to expand employees skills and knowledge. However, competencies and skills alone are useless if the employee is not sufficiently motivated. Therefore, human resource managers should design incentives that reinforce the knowledge friendly behavior, such as knowledge codification and personalization. That is the reward system should reflect and contribute to the enhancement of employee commitment towards job and organization and to the dynamics of an efficient knowledge market in the company by including employees contributions to knowledge activities in the performance evaluation criteria.

To analyze the individual predictors that t-statistics, which is the regression coefficient divided by the standard error (SE) was significant for all these variables. The beta weight presuted in table 7.2, suggest that business strategy ($\beta = 0.100$, $p<0.001$) had the greatest impact on the model (i.e. commitment), followed by HR strategy ($\beta=0.039$, $p<0.012$) and finally KM strategy ($\beta=0.025$, $p<0.341$). This Means Business Strategy contributes most to predict employees' commitment. But, HR Strategy and KM Strategy have very less contribution to the employee commitment in the Nepalese Commercial Banks. However, Knowledge Management involves all aspects of an organization's social, technological and human. Organization operates in all the areas through its employees and it is their contribution which determines success and commitment and it is their knowledge and skills which need to be (activated and then leveraged to create competitive advantage (Goel et.al., 2012). It is also noticed that if organizations have to capitalize on the knowledge they possess, they have to understand how knowledge is created, shared, and used within the group and in the organization. This means knowledge management practice is essential determinants factors of employee commitment in any organization. Therefore, managers of Nepalese commercial banks are oriented towards the importance of knowledge management practices and long-term challenges to be faced by the organization but less oriented towards how knowledge is created, shared, and used related to personal growth and commitment. In this way, the alignment between Business Strategy, KM Strategy and HR Strategy found to be poor in Nepalese Commercial Banks to commitment so balancing way of alignment between Business Strategy, KM Strategy and HR Strategy should focus for gaining employees commitment, rather than last focusing on business strategy alone. Similarly, if Nepalese Commercial Banks wish to enhance higher

commitment level of their employees towards their banks, they need to develop teamwork and group work culture to link individual for transferring and sharing their knowledge person to person and there must be reward system to encourage them towards organizational attachments. The findings are in line with the previous study conducted by Goel et. al., 2012; Jyoti et. al., 2012. From this, it can be understood that individuals remain with an organization they need or want to, after taking into account the cost of leaving the organization. Hence, it is important to establish that: from the exchange perspective, work rewards are the key determinants of employee commitment. In this view, employees who feel that the organization is committed to them are likely to have a positive perception of HRM practices and hence be committed to the organization. Therefore organizational commitment in Nepalese commercial banks found to be in its initial stage. Similarly, it is also found that managers of commercial banking sector in Nepal pay less attention towards empowering their subordinated, meeting their expectation, understanding their internal feelings regular meetings and proper communication about their job performance. Furthermore, the Nepalese commercial banks pay minimum attention on cost factor related in retaining long-term employees commitment in their respective banks which resultant by affects the employees commitment and investigates the employee to quit their organization even for short term benefits.

Similarly, Nepalese commercial banks should also focus to provide extensive job oriented and career oriented training to employees in regular interval. Moreover, the leaders of Nepalese commercial banks should develop professionalism to handle organizational problem effectively by using interpersonal and professional skills. Furthermore, it is also found that managers of banking sectors are highly oriented towards formulation of HR strategies and long-term challenges to be faced by the organization but less oriented towards proper designing of staffing plans and formulation of decision related to HR commitment. This findings are consistent with the previous study of (Jyoti et. al.; 2012)

TABLE 7.3: Multiple regression analysis showing Individual Competence as dependent variable with the dimension of BS, KMS and HRS as individual predictors.

Variable (NO – 301)

Variables	Model 3: $Y_{IC} = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + C_i$
D.V. IC	$Y_{IC} = 5.766 + 0.043\ X_1 + 0.089\ X_2 + 0.064\ X_3$
BS	(0.241) (0.001) (0.003)
KMS	$R^2 = 0.427$
HRS	$\text{Adj. } R^2 = 0.421$ \qquad\qquad D.W. = 1.619
	F-Value = 73.700
	P-Value = 0.000

Correlation Significant at 0.1 level, Y_{IC} = Dependent Variables Individual Competence, BS – Business Strategy, KMS – Knowledge Management Strategy, HRS - Human Resource Strategy, D.W. – Durbin-Watson Test.

Mutliple regression analysis is used to examine the relationship between business strategy, knowledge management strategy and Human Resource Strategy ad dependent variable individual competence. As show in **Table 7.3** shows that the alignment between Business Strategy, KM Strategy and HR Strategy contribute positively ($p<0.001$, $p<0.241$, $p<0.003$) to individual competence for an explanatory relationship and explain 31.91 of its total variable (Adjusted $R^2 = 0.319$). According to Jyoti at. el., (2012). This is a satisfactory level effect. This means the Nepalese banks officers know the benefits of alignment between knowledge management strategy, business strategy and Human Resource strategy for development of employees competencies level, they believe in team work, the delegation of authority, know about different mode of training program and understand about the different approaches of leadership but have less knowledge management practice about Human Resource planning and proper way in regard to their business strategies. To analyze the individual predictors that statistics, which is the regression coefficient divided by the standard deviation (SE) is significant for all of these variable. The beta weight presented in **Table 7.3**, suggest that Business Strategy ($\beta = 0.089$) has the large impact on the model (i.e. individual competence) followed by Human Resource Strategy ($\beta = 0.064$) and finally KM Strategy ($\beta = 0.043$). This means Business Strategy contribute the most to predict individual

competence. However, KM strategy has less contribution to the individual competence in Nepalese Commercial banks but an essential determinant of individual competence is the massive practice of knowledge management in an any organizations (Stowe et. al., 2010). Furthermore, it is occurring in all types of organizations across all management levels. The Drucker, 2010 reminds that knowledge workers literally own the mean of production and carry knowledge, information and "know-how" skills in their heads. This means, managers of banking sectors in Nepal have high compatibility with day by day operations, as they are highly involved in the development of the long-term goals of the organization and their awareness aobut key competitive challenges to be faced by the organization. This finding consistent with the finding of Jyoti et. al. (2012). Similarly, Nepalese commercial banks are highly oriented towards formulation of business strategy and long term challenges to be faced by the bank but less oriented towards designing of business and human resource planning in regard to individual competence issues. The result of this study also revealed that managers of Nepalese commercial banks have moderate competency level. They understand and easily communicate with others and have some how knowledge of Human resource skills, behavior and goals but they are moderately competent towards leading and convincing others and assessing and managing training program for knowledge, skills, and ability development for their employees. This result consistent with the study of (Nelson and Mc Cann, 2012)

Finally, Nepalese Commercial banks require to prepare and develop their managerial skills, so that these banks are able to compete with others in skills, efficiency and productivity. Therefore, (i) long-term policy should require for managing peoples knowledge, skills and experience that must be integrated with business objectives, (ii) the officers level staffs should be sent to attend competencies development program and workshop so that they have clear concept about managerial roles when they would be able to handle the assigned job in a better way, (iii) competencies of Nepalese Commercial Banks managers can be strengthen when they are involved by the banks in decision making process. Individual competence can be further enhanced though knowledge sharing culture, training, workshop and CDP's (Competencies development programme) so that they can easily assess the knowledge (i.e. Tacit and Explicit) and skills needs of the bank and can understand about their competitors strength and weakness and (iv) banks should conduct training and seminar in regular basis to

familiarize employees with the basic objectives of banks and involved managers in strategy formulation process so that they will be able to design proper staffing plans and can take right decisions related to HR issues. The findings are in line with the previous studies conducted by Lan and Wei (2005); Dharmasri (2009), Jyoti (2012).

TABLE 7.4: Multiple regression analysis showing Individual Market and Financial Performance as dependent variables with the dimension of BS, KMS and HRS as individual predictors.

<div align="center">

Variable (NO – 301)

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Variables	Model 4: $Y_{MFP} = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + C_i$
D.V. MFP	$Y_{MFP} = 7.628 + 0.151\ X_1 + 0.039\ X_2 + 0.116\ X_3$
BS	$\qquad\qquad\quad$ (0.000)$\qquad$ (0.358)$\qquad$ (0.000)
KMS	$R^2 = 0.452$
HRS	Adj. $R^2 = 0.446$ $\qquad\qquad\qquad$ D.W. = 1.630
	F-Value = 81.541
	P-Value = 0.000

Correlation Significant at 0.1 level, Y_{MFP} = Dependent Variables Market and Financial Performance, BS – Business Strategy, KMS – Knowledge Management Strategy, HRS = Human Resource Strategy, D.W. – Durbin-Watson Test.

Multiple regression analysis is used to examine the relationship Between Business Strategy, Knowledge Management Strategy and Human Resource Strategy and dependent variable Market and Financial Performance. As shown in **Table 7.4** shows that the alignment between business strategy, knowledge management strategy and HR strategy contribute positively ($p<0.000$, $p<0.358$ and $p<0.000$) on market and financial performance for an explanatory relationship and explain 44.6% of its total variable (Adjusted $R^2 = 0.346$). According to Shih and Chiang (2005), this is a moderate level effect. Therefore, it is evident that it is not only the alignment approach between business strategy, knowledge management strategy and HR strategy alone play a role in helping an organization to achieve a higher market and financial performance but others factors like environmental factors, cultural factors, leadership unions, and reward management emerged as another important factors that should be consider in regard to attain market and financial performance. The findings are in line with the previous

study conducted by Shih and Ching, (2005) and Goet et. al; (2012). Furthermore, it is reasonable to contend that a higher market and financial performance can be achieve if the strategic alignments between KM Strategy, Business Strategy, and HR Strategy are well conducted and aligned. Proper way of alignment between KM strategy, business strategy and HR strategy in a effective manner found to be poor in Nepalese Commercial Banks of Nepal.

Similarly, the role of leadership in motivating their subordinates and allocating the necessary resources towards attaining market and financial performance found to be less attractive likewise, the table also shows that an absence of proper strategic alignment may course Nepalese commercial banks and their managers' inability to realize sufficient value from human capita. IT infrastructure and research and development programme investment. Therefore, the investment on human capital, IT infrastructure and R&D programme towards products and service quality and innovation require more attention in commercial banks of Nepal. The findings are line with the previous study conducted by (Nelson and Mccann, 2012; Sun and Ju, 2009). Because investment on human capital IT infrastructure and R& D program are not only a great contribution to potential capabilities of an organizational alignment approach but also a significant effects on market and financial performance (Nelson and Mccann, 2012)

To analyze the individual predictors the t-statistics which is the regression coefficient divided by the standard error (SE) is significant for all of these variables. The beta weight presented in **Table 7.4**, illustrates that business strategy ($\beta = 0.151$) and HR strategy ($\beta = 0.116$) has the large impacts on the model (i.e. market and financial performance). This means business strategy itself has a strong influence on market and financial performance ($\beta = 0.151$, p<0.000). However, Business Strategy can contribute more to the market and Financial Performance in conjunction with HR Strategy in Nepalese Commercial Banks but KM Strategy ($\beta = 0.039$, p<0.358) by itself has less effect found in Nepalese commercial banks. But, in the new era of globalized complex business environment, therefore, knowledge management is consider the critical organizational assets and strategic resources that gives a basis for competitive advantage (Sun & Ju, 2009). It is found that an organization which has high quality fit in KM, business and HR strategy achieve high market and financial performance and

satisfaction more than those whose quality integrated poor on alignment basis (Sher and Lee, 2004). Furthermore, KM practice in banks support to enhance satisfactory customer service and increased market share and profit margins. So, it is found that Nepalese commercial banks are hardly able to provide efficient customer service and also poorly effective towards increasing market share and profit margins. Similarly, Nepalese Commercial Banks the use of Knowledge Management for increasing market share. Thus, innovation and financial performance is still at in transition and initial phase, because neither the bank have the systematic approach of KM strategies nor do they use the appropriate practice for strategic integration. So, to be the best and sustain market share, human resource practice through knowledge management strategy effective application with upgrading quality is required. The findings are in line with the previous study conducted by Shih and Chiang, (2005); Al-almmary, (2008). Therefore Nepalese Commercial Banks and their manager should also require to determine how and when bank performance changes with the introduction of KM strategy. In relation to competitive business strategy and Human resource strategy.

TABLE 7.5: Multiple regression analysis showing Organizational Performance as dependent variable with the dimension of BS, KMS and HRS as individual predictors.

Variable (NO. – 301)

Variables	Model 5: $Y_P = \alpha_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + C_i$
D.V. P	$Y_P = 15.171 + 0.373\ X_1 + 0.133\ X_2 + 0.242\ X_3$
BS	$\qquad\qquad$ (0.000) $\qquad$ (0.047) $\qquad$ (0.000)
KMS	$R^2 = 0.576$
HRS	Adj. $R^2 = 0.573$ $\qquad\qquad$ D.W. = 1.778
	F-Value = 165.992
	P-Value = 0.000

Correlation Significant at 0.01 level, Y_P = Dependent Variables Organizational Performance, BS – Business Strategy, KMS – Knowledge Management Strategy, HRS = Human Resource Strategy, D.W. – Durbin-Watson Test.

Multiple regression analysis is used to examine the relationship between Business Strategy, Knowledge Management Strategy and Human Resource Strategy and overall

organizational (Banking) performance is in this model consider as the dependent variable. As shown in table 7.5 shows that the alignment between Business Strategy, Knowledge Management Strategy and HR Strategy contribute positively (p<0.000, p<0.047 and p<0.000) to overall organizational performance explain 57.3% of its total variance (Adjusted R^2 =0.573). According to Al-Anmary (2008). This is a satisfactory effects. However, the result indicate that the alignment between the strategy adopted by the Nepalese commercial banking sectors and their human resource strategy as well as knowledge management strategy have made a contribution to overall organizational performance. Thus, Hypothesis 12 has been accepted. Similarly, findings are with the line of previous study. (Al-ammary, 2008; Hsi and Yun, 2005; Sun and Ju, 2009) suggested that, if the existence of a relationship between KM strategy, business strategy and HR strategy not contribute higher level on organizational performance, then there is a weak alignment between them. Therefore, strategic alignment between KMs, BS and HR strategy found to be weaker practices in Nepalese Commercial Banks. The findings are line with the previous study conducted by (Al-ammary, 2008; and Sun and Ju, 2009)

To analyze the individual predictors the t-statistics which is the regression coefficient divided by the standard error (SE) is significant for all of these variables. The beta weight presented in Table 7.5, depicts that business strategy (β = 0.373) and HR Strategy (β = 0.242) had the large impacts on the model (i.e. organizational performance (β = 0.373, p<0.000). However, Business Strategy contribute more to the organizational performance in conjunction with HR strategy in Nepalese Commercial Banks but KM Strategy (β = 0.133, p<0.047) by itself has less effects found in Nepalese Commercial Banks. Previous literature argued that for performing efficiently a company requires that the Business Strategy should be supported by the Knowledge Management practice and HR practices. Therefore Knowledge Management practice for effective utilization of alignment approach for achieving organizational performance found to be weak position in Nepalese Commercial Banks. It is found that a bank which has high quality integration in KM, business strategy and HR strategy achieve higher rate of organizational performance than those whose quality integrated low (Sher and Lee, 2004). Likewise, Business strategy alone can do nothing without good KM quantitative and HR strategy alone can't lead to organizational people to success without the support of KM practices in attaining organizational performance. It

is because of continuous changes in Market expectations and the demand for new products have been gradually replacing the capital and labour intensive firm by knowledge intensive firms and routine works by knowledge worker (Ali and Ahmad, 2006). This means commercial banks of Nepal are poorly consciously towards comprehensively gathers, organize, shares and analyze its knowledge interms of resources documents and people skills and abilities. This findings is consistent with the previous findings of Ali and Ahmad (2006). Similarly, it is found that Nepalese commercial banks have low quality fit in KM, Business Strategy and HR Strategy in attaining higher organizational performance. Likewise, it is also found that Nepalese Banking Managers have paid less attention to produce innovative and qualitative products frequently as per the need of its customer, more interestingly, it can be one of the major reason that adversely effects overall performance of Banks in Nepal. The findings are in line with the previous study conducted by (Sun and Ju, 2009). Therefore, the strategic alignment between KM and HR Strategy for efficient management of banking business activities should be consider by Nepalese commercial banks for their overall performance. Furthermore, in determining whether and how much effort require to expand in these alignment efforts, managers of Nepalese banks need to asses and create a knowledge centered culture and to structure work objectives and designs to encourage people in a cooperative and professional manners.

CHAPTER EIGHT

OWNERSHIP PATTERNS AND ITS IMPACTS ON ORGANIZATIONAL PERFORMANCE

8.1 BACKGROUND

This chapter comprises the analysis of data regarding the state of organizational performance in three different groups of Nepalese Commercial Banks. This part of the analysis also deals with the ownership patterns that matter for organizational performance included, job satisfaction, commitment, individual competence, and market and financial performance. Basically, this section analyze major difference among the groups of the study. The focus is given to assess the perception differences of the respondents based on the ownership patterns. The sample was classified into three groups i.e. public banks (government fully or partially owned), private banks and joint venture banks. The public banks are those which have governed and managed by government either fully or partially where as private banks are those which have promoted and managed private sectors only. (i.e. government and foreign peoples and companies are not directly involved) and joint venture banks are those in which local and foreign peoples or companies directly involves in banking operation. Basically various banks are categorized on the basis of ownership patterns in Nepal. Moreover some noticeable disparity can be expected in regard to organizational performance among the different types of commercial banks. For this, composite mean value of each dependent variable is compared on the basis of ownership pattern and explore whether or not significance difference exists among three different groups of Nepalese commercial banks. Independent sample F-statistics were computed and describe goodness of fit and significance differences. The comparative results in regards to organization performance included job satisfaction, commitment, individual competence and market and financial performance in the different groups of banks are presented and described in the succeeding parts which shows the impacts of ownership pattern on organization performance.

8.2   OWNERSHIP PATTERN AND ORGANIZATIONAL PERFORMANCE

Various organizations are categorized basically on the basis of pattern of ownership and government involvements. The institution based view has recently emerged as the third leg of the strategy tripod. In addition to the industry based and resource based view and sheds light on the diversity of a firm's behavior regarding the strategic practice and firm's performance due to institutional difference (Peng et. al., 2009; Gao et. al., 2010; Jiang et. al., 2013). A number of studies have identified ownership pattern as an indicator of an organization's, institutional and contextual constraints and resources (Ju and Zhao, 2009).

A numbers of management literatures has clearly notified the relationship among ownership pattern, strategic practice and organizational performance (Hart and Moore, 1990; Finkelstein, 1992). According to this view, it is clearly noticed that, ownership patterns shows distinct regarding the performance due to the distinct characteristics, resource available, environmental constraints, scopes and competitive advantage. For instance, ownership structure competitive advantage. For instance, ownership structure plays a key role in organizational level decisions, such as HRD developments, R & D spending innovation, diversification, capital structure (Zahrw, 1996; Eisen Mann, 2002; Kochhar and David, 1991; Hoskisson et. al; 2002). In particular, since different owners may have different objectives and decision making horizons regarding investments and returns configurations. However, yet very few studies pay attention to how ownership patterns influence firms' choice of strategy and consequently their performance. Therefore, certain disparity can be expected in the state of organizational performance among the three different groups of Nepalese commercial banks. Thus, the comparative result in the different performance variables such as Job satisfaction commitment, individual competence and market and financial performance described in the succeeding sections.

8.3   JOB SATISFACTION BASED ON OWNERSHIP PATTER IN NEPALESE COMMERCIAL BANKS

Based on the approaches of ownership pattern, this section presents and analyze the result regarding Job satisfaction of employees in Commercial Banks of Nepal. The sample organizations were classified into public banks, private banks and joint

venture banks. Furthermore, there are 3 public banks with 44 respondents, 6 joint venture banks with 91 respondents and 12 private banks with 166 respondents. Certain disparity can be assumed regarding the state of job satisfaction among the three different types of Nepalese commercial banks. Composite mean value along with standard deviation were compared to analyze the differences among the respondents groups of the study. In addition, F-test and its corresponding p-values are obtained to test the significance difference in employee job satisfaction among the three commercial banking sectors.

TABLE 8.1: Job Satisfaction

Factor	Ownership Patterns	Mean	SD	F-test	P-value	Alpha-value
Job Satisfaction	Public	3.34	0.16	5.02	0.001	0.74
	Private	3.23	0.09			
	Joint Venture	3.44	0.07			
	Overall Composite Mean and SD	3.33	0.10			

Table 8.1 shows that there is a significant difference in the job satisfaction of employees in public, private and joint venture banks of Nepal (F = 5.02, p = 0.001). On the basis of the composite mean and standard deviation, the joint venture banks with mean 3.44 and standard deviation 0.07 leads, followed by public banks with mean 3.34 and standard deviation 0.16 and finally the private banks with mean 3.23 and standard deviation 0.09, stands third position. The result exposed that ownership pattern of Nepalese commercial bank shows distinct characteristics regarding the job satisfaction of their employee. It also indicates that Joint venture banks are more attentive towards job satisfaction of their employees than other two counter parts due to the distinct characteristics interms of nature of job, salary, work environment, organizational structure and future opportunity and others.

Further, the table reveals that overall composite mean value with standard deviation of three groups of banks is 3.33 and 0.10 respectively, which is higher than average scale (i.e. above 3). It means that the job satisfaction of banks officers in three different groups of Nepalese commercial banks have been satisfactory. However, there is still considerable room for further improvement because the satisfaction level

are deficient in job satisfaction of employees than joint venture and public banks. Therefore, the private banks' authorities should need to give more attention on the essential factors of job satisfaction such as job position, salary and fringe benefit, job security, advancement opportunities, congenial and learning work environment required autonomy and recognition of contribution.

8.4   COMMITMENT

Based on the approaches of ownership pattern, this section presents and analyze the result regarding commitment of employees in Commercial Banks of Nepal. The sample organizations were classified into public banks, private banks and joint venture banks. Furthermore, there are 3 public banks with 44 respondents, 6 joint venture banks with 91 respondents and 12 private banks with 166 respondents. Certain disparity can be assumed regarding the state of commitment among the three different types of Nepalese commercial banks. Composite mean value along with standard deviation are compared to analyze the differences among the respondents groups of the study. In addition, F-test and its corresponding p-values are obtained to test the significance difference in employee commitment among the three commercial banking sectors.

TABLE 8.2: Commitment

Factor	Ownership Patterns	Mean	SD	F-test	P-value	Alpha-value
Commitment	Public	3.56	0.12	6.07	0.001	0.734
	Private	3.71	0.05			
	Joint Venture	4.82	0.07			
	Overall Composite Mean and SD	4.03	0.08			

Table 8.2 shows the results of the present investigation indicated that a significance difference is found on the dimension of commitment among public, private and joint venture banks employees in Nepal (f-value = 6.07, p-value = 0.001). In addition, based on the approach of composite mean value and standard deviation 0.07 leads, followed by private banks with mean 3.71 and standard deviation 0.05 and finally the public banks with mean 3.56 and standard deviation 0.12, standing third position. It

indicate that joint venture banks are more attentive towards employee commitment by joint ventures authorities whereas public banks employees has lower level of commitment among all three different groups of Nepalese commercial banks in respect to commitment. This means that, there is lack of effective human resource practices in recruitment, selection, promotion and rewards system in public banks. Furthermore, it may be the result of excessive politicization enhancing the practices of Nepotism and favoritism, which adversely affect the employees commitment in a place.

Moreover, the table depicts that over all composite mean value with standard deviation of three groups of banks is 4.03 and 0.08 respectively, which is above average scale (i.e. above 4.03). It revealed that the level of employee commitment was found to be satisfactory in all categories of commercial banks in Nepal. It means, managers of Nepalese commercial banks are highly oriented towards team and group work, to link individual for sharing their knowledge person to person and reward system to encourage them towards employee commitment, and also understand the benefits of job and carrier oriented training for organization attachment and benefit but role of managers in allocating necessary resources and creating conducive work environment still require more attention.

8.5   INDIVIDUAL COMPETENCE

Based on the approaches of ownership pattern, this section presents and analyze the result regarding competence of employees in Commercial Banks of Nepal. The sample organizations were classified into public banks, private banks and joint venture banks. Furthermore, there are 44 respondents from 3 public banks, 91 respondents from 6 joint venture banks and 166 respondents from 12 private banks. Certain disparity can be assumed regarding the state of individual competence among the three different types of Nepalese commercial banks. Composite mean value along with standard deviation are compared to analyze the differences among the respondents groups of the study. In addition, F-test and its corresponding p-values are obtained to test the significance difference in employee competence among the three commercial banking sectors.

TABLE 8.3: Individual Competence

Factor	Ownership Patterns	Mean	SD	F-test	P-value	Alpha-value
Individual Competence	Public	3.78	0.73	2.71	0.07	0.84
	Private	3.80	0.56			
	Joint Venture	3.97	0.55			
	Overall Composite Mean and SD	3.85	0.61			

Table 8.3, shows that there is no significant difference in individual competence among these bank (F-test = 2.71, p-value = 0.07). It means all three groups of Nepalese Commercial banks are attentive towards the different factors and practices of employee competence and it's development. In addition managers of all three banks seen more positive towards team work, proper job design, delegation of authority, leadership skill and training and workshop programs for enrich their employees' knowledge, skills, ability and attitudes.

Furthermore, the table reveals that overall composite mean value with standard deviation of three groups of banks is 3.85 and 0.61 respectively, which is higher than average scales (i.e. above 3), which illustrates that the level of individual competence of employees' in three groups of commercial bank is satisfactory. It means that all three categories of banks have competent employees who are able to perform specialized task, assimilate new technology and methods and respond to changing environment. In addition, officers of Nepalese commercial banks have ability to empower and encourage their employees in regard to respective jobs. However managers of banking sector in Nepal are highly leaning towards recruitment and selection of employees and managing operation challenge faced by the banks, but less orientation is found towards proper formulation of staffing plans and decision related to effective practice of HR Strategies.

8.6   MARKET AND FINANCIAL PERFORMANCE

Based on the approaches of ownership pattern, this section presents and analyze the result regarding market and financial performance in three groups of Commercial Banks of Nepal. The sample organization were classified into public banks, private banks and joint venture banks. Furthermore, there are 3 public banks with 44 respondents, 6 joint venture banks with 91 respondents and 12 private banks with 166 respondents. Certain disparity can be assumed regarding the state of market and financial performance among the three different types of Nepalese commercial banks. Composite mean value along with standard deviation are compared to analyze the differences among the respondents groups of the study. In addition, F-test and its corresponding p-values are obtained to test the significance difference in employee market and financial performance among the three commercial banking sectors.

TABLE 8.4: Market and Financial Performance

Factor	Ownership Patterns	Mean	SD	F-test	P-value	Alpha-value
Individual Competence	Public	3.17	0.73	6.16	0.000	0.84
	Private	3.50	0.44			
	Joint Venture	3.68	0.49			
	Overall Composite Mean and SD	3.45	0.55			

The above result exposed that the ownership pattern of Nepalese Commercial Banks shows distinct characteristics regarding the market and financial performance. The **Table 8.4**, depicts that there is a significant difference in the market and financial performance of a public, private and joint venture banks of Nepal (F = 6.16, p = 0.000). On the basis of composite mean and standard deviation the joint venture bank with mean 3.68 and standard deviation leads, followed by private banks with mean 3.50 and standard deviation 0.44 and finally the public bank with 3.17 and standard deviation 0.73 stand in third position. The result point out the market and financial performance depends as a firms environmental situation, internal resources, objective competitive advantage, organization structure. It also indicates that joint venture banks are comparatives seen effective towards marketing and mobilization of their

resources. At the same time the mean values of joint venture banks and private banks are not highly variated.

Among the various ownership types of banks, public banks are generally less likely to market and financial performance, this is because government investment is the only source of innovation in investment and the compensation of public manager is often un-related to banking performance, more-over, among all three commercial banks, public banks are less sensitive to market dynamics but are more sensitive towards institutional pressure from the government and public. However the reward system of joint venture banks and private banks is often related to banks performance resulted from individual efforts and contribution. That is why private banks and joint venture banks are more sensitive to market dynamics.

Further, the table reveals that overall composite mean value with standard deviation of three groups of bank is 3.45 and 0.55 respectively which is not very high but still satisfactory in Nepalese commercial bank. However, there is still considerable room for some improvement such as employees retention, innovation, skill enhancement and fair reward system etc in all three categories of Commercial Banks in Nepal.

CHAPTER NINE
SUMMARY AND CONCLUSION

9.1   INTRODUCTION

This chapter presents the results of the data analysis which is reported in previous chapters IV, V, VI and VII. This study serves as a step toward answering alignment in the field of knowledge management practices. In this study, the research model has been based on established concept from the literature on alignment and KM strategy. As based on the extensive literature review, the specific purposes of the study are to (i) check the existing practice of knowledge management, business and HR strategy in Nepalese commercial banking sectors, (ii) describe the position of knowledge management, business and HR strategies on Nepalese commercial banking sectors, (iii) to examine the alignment among knowledge management, business and HR strategies and (iv) to explore the impact of perceived contribution of the alignment among KM, business and HR strategies on organizational performance in three groups of commercial banks public, private and joint venture banks of Nepal.

Mainly, it has been a survey-based descriptive-cum-exploratory type of research work. The study has selected sample of offices from three groups of Nepalese Commercial Banks and used it to answer research objectives and test the hypothesis. The research instruments used in this research consist of questionnaire-opinion-survey to collect data from respondents. Twenty one commercial banks in all have been chosen for the study, including three public banks, seven were Joint venture banks and eleven private non-jointure Banks. Therefore, all three groups of Nepalese commercial banks have been selected on stratified sampling method based on purposive convenience sampling technique rather than the random sampling.

In this study, the primary data that have been used for the study and the information that has been collected from the structured questionnaire have been was analyzed by using the statistical software of SPSS 14.0. The study, more or less follows the methodology used by Shih and Chiang (2005); Granier, et. al; (2007); and Stowe et. al; (2010). The method of data analysis used to answer the research objectives based on research questions and testing of the hypothesis include co-efficient of alpha, descriptive Statistics, including T-test and F-test and its corresponding P-value,

Spearman rank correlation, multiple regression analysis and D.W. test. In addition, the two dimensions of Business strategy (cost leadership and differentiation strategies), two dimensions of knowledge management strategy (KM codification and personalization strategies) and three dimensions of human resource strategy (leadership skills, interpersonal and communication skills and professional and vocational skills) were measured to get the answer of I and II objectives.

The descriptive statistics have been used to describe and check the existing status and position regarding the practice of knowledge management, business and human resource strategies and organizational performance. Descriptive strategies comprises of measure of central tendency, variability and frequency distribution. For this, T-test and F-test along with P-value have been used to test the significance difference of average value of all items. Similarly, F-test has been utilized to ascertain whether significance difference exists among these variables or not. Moreover, to get the answer of the III and IV objectives, correlation analysis has been used to describe the degree to which one variable is linearly related to another. In this way, multi-regression analysis has been also utilized in this study to examine and explore the relationship among variables and the extent to which they interrelate and explain the dependent variable. For this, D.W. test has been used to check whether or not auto-correlation exists in the model.

A total of four specific objectives and ten hypotheses with regard to the impacts of the proposed model of strategic alignment between knowledge management, business and human resource strategies on organizational performance, measurable in job satisfaction, commitment, individual competence, and market and financial performance have been developed and tested. The results of the analysis of the hypotheses are discussed in detail and possible explanations and implications are consider in this chapter. Furthermore, the study arrives at the existence of a significance relationship between the knowledge management, business and human resource strategies and posits that this relationship has a contribution towards enhancing organizational performance. Therefore, it is imperative to point out that all the research objectives stated in chapter one have been achieved. It is believed that the study's main findings should be useful for both researchers in the academic field and practioners in the banking sector.

This study attempted to confirm the ability of strategic alignment among knowledge management, human resource strategies and organizational performance in three groups of Nepalese commercial banks. The purpose of this study has been to describe the existing practice and position of business, Knowledge management and human resource strategies in Nepalese public banks, private joint venture banks and private non-joint venture banks in Nepal. The study has also explored the impact of alignment on organizational performance. A knowledge management strategic alignment model has been developed and used to identify and explain strategic alignment among knowledge management, business, human resource strategies and organizational performance in the different three groups of Nepalese commercial banks. In this part of the study, the results of the data analysis of the both the research objectives and the hypothesis are discussed comprehensively and possible explanations are highly considered.

In this chapter, the discussion is based on proposed model as noted in chapter one. Moreover, this chapter finds and concludes the results and contributions of this study from the both academic and managerial perspectives. For this, the data have been collected from the CEOs, junior officers, senior officers, HR manager, IT chief, branch manager, and general managers of three different groups of Nepalese commercial banks which have been in operation fir at least five years and more.

The idea is to measure the three main components of strategic alignment – knowledge management, business and human resource strategies and their impact on perceived organizational performance measured in job satisfaction, commitment, individual competence, and market and financial performance. The major recommendation and implication for future research are focused in this section. This part of the study presents a discussion of the research result and main findings and this is followed by a discussion on the limitations of the study and suggestions for future research. The chapter, then concludes with both theoretical and practical contributions and managerial implications of this study.

In this part of the study, the discussions and conclusions are based on the research objectives and hypothesis related to strategic alignment among knowledge management, business, human resource strategies and organizational performance perspectives. As based on the proposed research model, the study explored the

existence of a significant alignment between knowledge management, business and human resource strategies and that this alignment contributes towards augmenting organizational performance in terms of job satisfaction, commitment, individual competence and market and financial performance. In addition, officers of Nepalese commercial banks know the benefits of alignment among knowledge management, business and human resource strategies and its efficiency for of their banks. They also believe in teamworks, delegation of authority, know about the different modes of training programme and the benefit from the adaptation of the different approaches of leadership. But they have less knowledge of knowledge management practice about the human resource planning in a proper way in regard to their business strategies and goals. Furthermore, the result also reveals that of the ten hypothesis tested with respect to the proposed model of this study, only six is strongly supported, while the remaining four is are not well supported, the latter is partially supported. It is imperative to point out that the major research hypothesis stated with regard to proposed model have been achieved.

9.1.1   The Descriptive Statistical Results and Findings about Practice

9.1.1.1 Perception of the Nepalese Banks Offices for the Practice of Business Strategy

The descriptive statistical analysis ascertains the important results regarding the practice of business strategy among the three different groups of Nepalese commercial banks. In this study, there are two dimensions of business, cost leadership and differentiation strategies, measurable by a five-point likert type scale, ranging from "1 – highly disagree" to "5 – highly agree". The major findings of the descriptive statistics for business strategy are as follows:

- Nepalese banks are knowledgeable about mission statement and also have a written business strategy. Furthermore the banks in the present context as exhibited in the table undercover the inseparability of products from services to in order to compete at the local as well as at the national market as a whole. This means that Nepalese banks are conscious of market strategies and business strategies because they are able to satisfy market needs by providing services and products as per the need of the local and national markets.

- However, the Nepalese banks still lag behind in maintaining to adopt the combination of strategies in their banks in regard to cost leadership and differentiation. Hence, the Nepalese banks, in the present competitive market to increase their business, need to provide the customers with varieties and choices by implementing combination of both strategies.

- The Nepalese commercial banks appear to focus less on providing training and development programmes to increase the ability of their personnel as per their requirement, given the fact that the personnels are motivated to hone in their skill by attending workshops, seminars, and similar training programmes.

- Nepalese banks prefer to seek growth through acquisition rather than invest resources in research and development which resultantly will affect in their long term sustainability and consistent growth.

- The Nepalese banks focus on providing goods and services at low cost. However, the facts show that the Nepalese banks have all the technological facilities to cater to the requirements for a service organization but they should still concentrate more on keeping themselves up-to-date regarding the latest technological changes and developments for sustaining themselves in the competitive market place.

- The banks have also not been able to satisfy its broad range of customers, as per the need and demand of diverse market. For this reason, the banks need to do a need assessment of their prospective customers and acquire information about the changing market state of affairs.

- Although Nepalese banks lay emphasis on the quality of product and service, they are not able to frequently come up with innovative products or services as per the need and demand of their customer, despite the emphasis on market research.

- Based on this finding, it can be inferred that Nepalese banks have realized the importance of market research in regard to customer's target groups and competitors. But, in reality, this has not materialized in practice. The finding also indicates that the Nepalese Banks are prone to imitating products rather than innovate them.

9.1.1.2 Perception of the Nepalese Bank Offices for the Practice of Knowledge Management Strategy

The descriptive statistical analysis has explored important results regarding the practice of knowledge management strategy among the three different groups of Nepalese commercial banks. In this study, there are two dimensions of the knowledge management, codification and personalization strategies, measured by a five-point likert type scale, ranging from "1 – highly disagree" to "5 – highly agree". The major findings of descriptive statistics for Knowledge Management Strategy are as follows:

- Nepalese banks remain responsive to new idea and knowledge acquired from various sources in regard to technological change and upgrade, market position and information, knowledge transformation process, business competition, and customers' needs.

- However, it is also seen that the sharing of knowledge and experiences among the employees is poor in practice. Likewise, employees also lack the platform to suggest on issues related to business operations. Therefore, Nepalese banks should need to create a sharing culture among the employees and create a conducive environment that enables employees to easily share their knowledge and experience about different issues related to business system and approach.

- It can be deduced that the use of computer as a major mode of knowledge transfer is high in Nepalese banks, which means that the banks codify knowledge in systematic and standardized way, in database for easy access. Similarly, from the given figure it can also be inferred that Nepalese banks maintain a strong documentation of project results and meeting profiles.

- Nevertheless, the Nepalese banks suffer from the inefficiency of not possessing the know-how and technical-or-problem solving skill of re-using the data for various others means and purposes. Then inefficiency is due to the lack of expertise and specialization.

- Nepal banks encourage their employees to wean themselves on the diet of the process-of-learning by doing approach. Although the employees are encouraged and motivated to attend seminars, trainings and conferences for knowledge and skill enhancement, the banks remain unenthusiastic about organizing such programmes themselves.

- In the same way, Nepalese banks lack the culture of informal dialogues and meetings for sharing and acquiring new knowledge and ideas among themselves. This shows that nepalese banks lag behind in collaborative approach of sharing and acquiring knowledge and skills to facilitate their business. In this competitive age such meetings, informal dialogues, trainings, seminars, group discussions, and interactions play a pivotal role to generate innovative idea and knowledge.

9.1.1.3 Perception of the Nepalese Bank Offices for the Practice of Human Resource Strategy

The descriptive statistical analysis has ascertained important results regarding the practice of human resource strategy among the three different groups of Nepalese commercial banks. In this study, there are three dimensions of the human resource strategy - leadership, interpersonal, communication, professional, and vocational Skills, measurable by a five-point likert type scale, ranging from "1 – highly disagree" to "5 – highly agree". The major findings of descriptive statistics for human resource strategy are as follows:

- Nepalese banks develop their employees knowledge and skill by subjecting them to training for being up-to-date as per the required need but not through coaching and talent development programmes. Likewise, it can also be found that Nepalese banks are more attentive regarding recruiting and hiring and training employees who have specific skill. It means that Nepalese banks believe in hiring and recruiting skilled employees rather than in constantly developing their own employees skills for a long term perspective.

- Nepalese banks maintain competence-profile of their employees, but that evver they do not have clear-cut policy towards retaining employees endowed with wide-ranging skills and knowledge.

- Hence, the banks need to have a policy of retaining employees who have wide-ranging knowledge and skills by providing long-term career opportunities and benefits. Similarly, the banks also need to focus not only on acquiring and hiring people with specific skills but also focus on developing their who have general skills.

- The leadership is committed to mobilizing employees in regard to creating a working environment and enhancing the abilities of Nepalese commercial banks. Leaders of the banks also provide constructive feedback and suggestion about an attempted task and its improvement by using simple, oral and written languages that are action-oriented and that facilitate the process of learning-by-doing. Likewise, when problems arise in the banks the leaders immediately tackle them.

- But, at the same time leaders of the Nepalese banks have less ability and capacity in encouraging their employees in an effective manner and the leadership lacks participatory approach for solving organizational problems and exploring possible solutions. It has also been found that that the Nepalese banks have a dearth of leadership skills for creating a working environment, a culture of teamwork and groupwork, participatory approach in identifying problems and providing solutions.

- The leadership is also neither so open about accepting changes nor so flexible about adopting changing scenarios and understanding the feelings and attitudes of the employees.

- The officers of the Nepal commercial banks believe in effective interpersonal and communication skills for social connectivity and attachment between the employee and the employer in the organization. Similarly, it is also revealed that the employees take pleasure in discussing organizational norms, values and ethics, despite the reality they do not use emotional energy to motivate others.

- Likewise, the findings also show that the banks lack not only in non-discriminatory working environment but also in responding to staff needs in a positive manner. Further findings as well show that the bank lags behind in the practice of learning from each other's mistakes and errors. This situation is further worsened by the non-practice of openly discussing about it.

- R.S. for as professional and vocational skills are concerned Nepalese banks have a high degree of expertise, experience and education to perform specialized tasks. Similarly, the employees are attentive towards accomplishing their assignments and jobs at the right time in a very effective manner.

- However, the banks lack in making policies to improve the capability of their employees in response to changes, innovations and assimilations of new technologies. Hence, the banks need to constantly improve their employees' skills so that they can respond to changes and assimilate new technology and follow new methods.

- Although the findings state that the Nepalese employees are fairly engaged in completing their job and responsibility within the given time period, they do not make their best contibution, which means that the development of professional skill is required in Nepalese commercial banks.

- In the same way, the finding also shows that Nepalese banks have a lack of live policy to produce and optimize skills of their employees as a collective unit. There is also a lack of culture of making knowledge accessible to the employees in Nepalese banks.

- Nepalese banks need to constantly develop their employees' knowledge and skills for the purpose of maximum contribution towards enhancement of professionalism and strengthening their ability to assimilate new technology and method and incorporate their acquired knowledge towards new products, services and process.

9.1.2 The Descriptive Statistical Results and Findings on Position Secured by Banks

9.1.2.1 Perception of the Officers of Nepalese Commercial Banks for the Position Secured, Based on the Practice of Business Strategy

This section presents the results and major findings on the position secured by banks on the approach of the existing practice of business strategy in three different groups of Nepalese commercial banks. The score from the five-point likert type scale, different responsibility is obtained directly from the questionnaire and certain disparity can be expected with regard to the practice of business strategy. Therefore, the major findings of the practice of business strategy on position secured by the banks are as follows:

- It can be seen that the practice in regard to business strategy is found among all the three banks. However, the private joint venture banks stand in a good

position in the practices of business strategy than the private non joint venture and public banks.

- The three commercial banks are also in a good position to compete in the local as well as national market by providing goods and services.

- Although these three Nepalese commercial banks follow business strategy, they do not seem to be applying a combination of strategies such as low cost strategy and differentiation strategy. These strategies, which are very essential in this competitive market are geared to technological advancement, economy of business operation, and innovative product as per the need of the market andthe customers.

- Nepalese commercial banks are conscious of the importance in organizing employees' trainings and development programmes but they still lag behind in making allocation for the same for the enhancement of employees' current status. The result further makes clear that the public bank allocates more budget for training and development programme than the private joint venture and private non-joint venture banks.

- It comes to light that all these three banks do not seem to give due attention to market research which consequently is not able to yield the output as it should have due to the lack of investment in research and development activities by these banks.

- Similarly, it can also be seen that the private non-joint venture bank is more inclined toward acquiring new ideas through strategic alliance closely followed by private join venture banks in order to remain far ahead of public banks.

- The three commercial banks follow low cost strategy; However public banks lead in providing goods and services at low cost. Likewise private joint venture banks and non joint venture banks are not able to provide goods and services at low cost. This means that the operations of public banks are seen to be more economical than the private joint venture and non joint venture banks.

- All the three commercial banks are well informed about the availability of technological facilities of whatever is required. However, the private joint venture bank is in a better position than the public and private non-joint venture banks. Therefore, public banks and private non joint venture banks

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need to concentrate more on keeping themselves up-to-date with latest the technological advancement for competing themselves with other banks.

- Similarly, the result shows that the services provided by public banks are poor as compared to private joint venture and non joint venture banks. This means that the combination of people, process and technology is significantly found to be better in private joint venture and non joint venture banks than the public banks.

- All in all, the study illustrates that to satisfy the extensive choice of its customers as per the present market requirement all the three commercial banks need to emphasize on acquiring information about market, competitors, and customers.

- The three banks have emphasized on the quality of product and service to meet the customers' need. In this regard, the private joint venture banks leads, followed by private non joint venture banks and public banks respectively.

- However, the fact that all the three commercial banks lag behind in providing innovative products and services as per the demand of their varieties of customers and market. What this means is that all the three banks need to give priority to research and development programmes to identify and acquire new ideas and knowledge about current phenomena.

- Private joint venture banks have recognized the essence of market research and gathering of information about customers and competitors. But public banks and private non joint venture banks have almost completely ignored this aspect. In actuality, this aspect is not being implemented in practice by any of them.

9.1.2.2 Perception of the Officers of Nepalese Commercial Banks for the Position Secured, Based on the Practice of Knowledge Management Strategy

This part of the study presents the major findings relating to the position secured by banks on the approach of the existing practice of knowledge management strategy in three different groups of Nepalese commercial banks. The score from the five-point likert type scale, different responsibility is obtained directly from the questionnaire and certain disparity can be expected about the practice of knowledge management

strategy. The major findings of the practice of knowledge management strategy on the position secured by the banks are as follows:

- The culture of sharing of ideas, knowledge and experience amongst their employees is poor among all the banks. Likewise, there is neither the policy of banks to get suggestion from their employees' regarding the business issues and problems nor are the employees suggestion taken into account. Hence, this has to be given due emphasis and an environment of sharing culture should be promoted by all three commercial banks.

- Empirical study depicts that all the three commercial banks have welcomed new ideas and knowledge from various sources. Despite the reality that the practices of knowledge management is found to be poor in all the banks but at the same time this has been taken into account very positively. To some extent, it is found that the culture of sharing knowledge among employees is progressive in private joint venture bank in comparison to public and private non joint venture bank.

- The practice of knowledge management codification strategy is found to be good in all the banks, among which the private joint venture banks stand first, followed by private non joint venture banks and public banks respectively. The result also shows that all the three commercial banks use computer as a major tool for knowledge transfer for their convenience.

- The study reveals that so far as to know-how, technical skill and expertise are concerned, they are found well codified in the public banks than private joint venture and non joint venture banks. Furthermore, it can also be seen that manual documentation for the purpose of acquiring knowledge is found to be strong in all the Nepalese commercial banks. What this underscores is the fact that the banks still believe in manual rather than total computation of their data.

- There is a good practice of codified knowledge in database for easy access. The results of meetings and projects are well documented in all the three commercial banks in Nepal. It is also found that all these three banks have good intranet facility for communication of information in relation to organizational work, system and approach. However, the reuse of their data for various purposes does not seem to be good in practice, which means that

they lack the skill and expertise in using their already stored data for furthering their business.

- In relation to the practice of knowledge management personalization strategy has been found to be better in private joint venture banks than private non joint venture banks and public banks. The table reveals that informal dialogues and meetings are not properly used for knowledge sharing in all the three commercial banks. While training programs are organized to an extent for the purpose of interaction among the employees in public banks, the same is shamelessly lacking in private joint venture and non joint venture banks.

- Furthermore, public banks and, to some extent private non joint venture banks focus on the acquisition of knowledge through experts and co-workers unlike private joint venture banks. The study also shows that the employees of the Nepalese commercial banks are motivated and self-encouraged to attend trainings, seminars and conferences for their enhancement of knowledge and skills but in practice the banks attach less priority to the organization of such programmes.

- The Nepalese commercial banks encourage their employees to imbibe the principle of learning by doing method, the public bank and private joint venture bank give less focus on performance appraisal, though private non join venture bank are ahead in this regard.

9.1.2.3 Perception of the Officers of Nepalese Commercial Banks for the Position Secured, Based on the Practice of Human Resource Strategy

This part of the descriptive statistical analysis presents the major findings on the position secured by banks on the approach of the existing practice of human resource strategy in three different groups of Nepalese commercial banks. The score from the five-point likert type scale, different responsibility is obtained directly from the questionnaire and certain disparity can be expected about the practice of human resource strategy. The major findings are as follows:

- The practice of human resource strategy is found to be better in private joint venture banks than private non-joint venture banks followed by public banks. It comes to light that the private joint venture bank and to some extent private

non-joint venture banks develop their employees' knowledge and skills through trainings.

- At the same time, public banks develop employees' knowledge and skills through coaching and talent development programme. All the three commercial banks need to do more for agrumenting their employees' knowledge and skills by regular means of providing training, seminar, coaching and talent development programme so that the manpower will continue to cope with new challenges as and wehn they crop up.

- Likewise, all these three banks believe in keeping their employees competence profile in regard to the identification of their expertise but at the same time all three banks are short of policy to retain their employees endowed with knowledge and skill.

- Nepalese commercial banks have the policy to recruit those people who have already possessed skills but they lack a policy of constantly developing their skill. The banks focus more on ready-made skilled manpower rather than on enhancing the skill of their own employees through regular training, talent and skill development programmes.

- Leadership skill is found to be better in private joint venture banks than private non-joint venture banks and public banks. There is, however, no doubt that the three Nepalese commercial banks and their top management are committed to enlarge their employees' abilities and create a working environment in their banks.

- The managers are also focused on developing and mobilizing employees and providing productive feedback about their activities.

- However, it is found that the top management gives less priority to stimulating and encouraging their employees to identify problems of the organizations. This shows that participatory approach is not practised in Nepalese commercial banks because the top managers are seen to have a weakened role and are not involved in exploring solutions through involvement of their subordinates by using activities like brainstorming, idea sharing and informal discussion.

- Moreover, there is a lack of leadership skill in encouraging the employees to adapting themselves to the changing environment. Even Nepalese managers

are seen to be more or less rigid rather than flexible about responding to new changes.

- However, it can also be seen that the managers are conscious of addressing their organizational problems when they arise. To some extent, the private joint venture banks and their managers have the gumption to encourage their employees in an effective manner in comparison to public and private non-joint venture banks. Nepalese Commercial Banks and their managers do realize to create working environment, teamwork and groupwork culture and encourage their employees towards learning by doing approach, but in practice there is a lack of will to be assertive about leadership skill.

- All the three Nepalese Commercial banks have realized the indespensability of interpersonal and communication skills for organizational benefit. In spite of this, the practice of interpersonal and communication skills is significant only in joint venture banks in comparison to the other two banks.

- In reality, interpersonal and communication skills in the three Nepalese commercial banks are not up to expectation, despite their realization of the need of these skills. All the managers of the public banks, joint venture banks and non-joint venture banks recognize the significance of interpersonal and communication skills for promoting employees' attachment to the organization for building and maintaining the relationship of trust and loyalty, and for creating a conducive environment of self respect and confidence. But due to lack of will, Nepalese Managers have not been able to create a non-discriminatory work environment in their banks.

- One of the things that the findings show is that the employees of all the three banks enjoy to discuss their organizational norms, values and ethics. But in this regard the employees of public banks are ahead of the other two Nepalese commercial banks. Similarly, the managers in public banks is found to be more positive towards negotiating and empowering their employees for organizational work and performance than their counterparts in private joint venture and non-joint venture banks.

- The culture of sharing is low in the Nepalese commercial banks because of the lack of thorough practice in relation to employees' views and feelings to create

a conducive work environment. A lack is also seen in the use emotional energy by the manager for team-building for to accepting the change.

- It can be seen that the practice of professional and vocational skills is okay in the three Nepalese commercial banks, but the private joint venture banks are better than the other two banks.

- The study shows that all the three banks possess an adequate level of experienced, educated employees as well as experts required to accomplish their specified tasks, but the fact remains that they have not been able to utilize the skilled manpower adequately. Moreover, all the three Nepalese commercial banks have a policy to improve their employees' capacity to respond to changing environment, innovation and handling new technology and method. But in reality, the policy is implemented at the minimal level in public and private non-joint venture banks. So far as private joint venture banks are concerned, there a slight degree of progress is noticeable.

- All the three Nepalese commercial banks lacks active policy to continuously enhance knowledge and skills by adopting holistic approach in their respective banks, which means improvement of collective entity is ignored and individualism is prioritized. Similarly, the employees of public banks are very poorly engaged and they inadequately contribute their knowledge and skill (whatever little they possess) towards their job. However, it is seen that there is a slight improvement in this regard in private non joint venture and private joint venture banks.

- Expected output in Nepali commercial banks is affected by the inability of the banks to feed on the employees' interest. What is socking is that the inability is there inspite of the banks' emphasis on inducing their employees towards the accomplishment of the organizational goals on the one hand and the employees' own motivation to complete the given job by the designated time on the other hand.

- Though the Nepalese commercial banks employees are not fairly engaged in their job nevertheless they are able to accomplish their job within time. What this shows is that they do have the capacity to perform their assigned task within the deadline. What this brings to light is that they have considerable

untapped potentiality which has not been successfully handled by the responsible persons.

- The employees are not well aware of the knowledge centre of their respective organizations. A lack of transparency prevails about the knowledge centre. In the same way, knowledge and skill are not given high importance for adding value to products and services. This shows that there is a need for improving professional and vocational skills at the managerial level as well as at operational level.

9.1.3 Strategic Alignment in the Field of Knowledge Management (KM) with Business and Human Resource Strategy

This part presents the Spearman rank correlation analysis results about strategic alignment between KM, business and HR strategies in Nepalese commercial banks. The study has attempted to explore the relationship among the various factors of KM strategy including KM codification and personalization strategy, business strategy including cost leadership strategy, differentiation strategy, and HR strategy, i.e. leadership, interpersonal, communication, professional and vocational skills. The study has sought to find out to what extent the independent variables correlate to each other. For this, 5 point likerty type scale ranging from "1 highly disagree: to " 5 - highly agree" has been designed to make a conclusion of degree of alignment in Nepalese commercial banks. The major findings of Spearman rank correlation matrix for strategic alignment perspective are follows:

- The correlation co-efficient indicates that a positive relationship exists in all factors of knowledge management, business strategy and human resource strategy in Nepalese commercial banks with significant at the 0.01 level. This means, Nepalese commercial banks have realized the importance of knowledge management for organizational performance but also the significance of its alignment with people, organizational structure, technology and market conditions.

- It is also found that a positive relationship exists between knowledge management strategy and business strategy.

- The relationship item accounts for significant (r = 0.545 and P < 0.000) at the 0.01 level. It is seen that the result indicates that people and their knowledge

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and experience are indispensable for designing and implementing business strategy. Therefore, these two are complementary to each other.

- In addition, positive relationship exists between KM codification strategy and business cost leadership; and KM codification strategy and business differentiation strategy. The result depicts that the relationship exists positively in both cases, but does not account for significant at 0.01 and 0.05 level statistically ($r = 0.139$, $p = 0.637$ and $r = 0.213$, $p = 0.583$).

- The result shows that the weakest significant relationship exists between KM codification strategy and business cost leadership strategy. Similar result is found between KM codification strategy and business differentiation strategy in Nepalese commercial banks. The stronger link between cost leadership and codification Strategy is conceptually supported by the literature but not well supported in this empirical study.

- Nepalese commercial banks have IT facility but they are still required to invest heavily in the development of IT infrastructure, and codify their process into e-libraries and data base for all the employees to use knowledge properly. The investment can help Nepalese commercial banks to create and retain knowledge in database. Therefore, codified knowledge can be shared among the employees and made easily accessible through the connection of people and technology. KM codification strategy must be aligned with business cost leadership strategy for pursuing production efficiency and economy of scale to maintain a competitive position in the market.

- Nepalese banks need to continuously improve their employees' knowledge and expertise for innovation and system developments.

- The result shows that a positive relationship exists between KM personalization strategy and differentiation strategies. This relationship is significant at 0.01 level ($r = 0.651$, $p < 0.000$). This means tha Nepalese commercial banks have emphasized to optimize their employees knowledge and skills continuously by encouraging group discussion, problem-solving and sharing new idea and knowledge. Furthermore, if banks want to produce differentiated, customized and innovated product to satisfy customer needs, they need to make and alignment align between personalization strategy and differentiation strategies.

- Similarly, the result reveals that a positive relationship exist between KM personalization strategy and business cost leadership strategy, but the relationship is not significant statistically (r = 0.153, p = 0.613). This means that there is no strong relationship between KM personalization and business cost leadership strategies in Nepalese commercial banks.

- Therefore, if Nepalese commercial banks want to develop satisfaction level for a wide range of customer needs by providing customized as well as innovative goods and services, there must be good communication system among people, extensive training to employee, well defined job, and reward systems. Furthermore, banks which want to develop high quality service, must tightly fit that to employees working performance, and use it strategically to gain operational knowledge to connect people with system approaches.

- Furthermore, it is revealed that all the factors of KM and HR Strategies are positively correlated with each other except between KM codification strategy and HR leadership skill.

- The result shows that the knowledge, skills, abilities and behaviour of the employees and the interaction between them are the potential that provides the basis for the formulation and implementation of strategy in their respective organization. Therefore, every type of organization which wants to achieve competitive advantage through techniques should practice for managing its workforce connection in regard to their job performance.

- This result depicts that success and failure of strategic connection between KM strategy and all factors of HR strategy are mostly dependent on how the banking industry strategically manages their employees' knowledge and skills in relation to HR strategy and practice.

- The Study reveals that KM personalization strategy and all factors of HR Strategy in terms of leadership, interpersonal, communication skills, professional, and vocational Skills are significantly correlated (r = 0.765, p = 0.000) at 0.01 level. Thus, the results indicate that the choice of suitable strategy not only depend on the type of knowledge (i.e. tacit explicit) to be shared for generating. But also on the way of using leadership, interpersonal, communication skills, and professional, and vocational skills.

- The Nepalese commercial banks with access to a greater pool of KM personalization strategy (such as knowledge linked to person, training mode, sharing culture, incentive and reward systems) are more likely to have better developed HR related skills. Therefore, interaction between KM personalization and HR strategies need to be considered for the successful application of KM initiatives with the help of employees' leadership, interpersonal, communication, and professional and vocational skills in a Nepalese bank.

- Empirical findings also underscore the importance of business strategy for effective KM activities in relation to HR strategy in terms of leadership, interpersonal, communication, and professional, and vocation skills. The importance has been seriously and positively considered by Nepalese commercial banks because these skills immediately help to create and share knowledge to perform the job in a very effective manner. Therefore, business strategy, knowledge management strategy, and HR strategy are positively correlated with each other.

9.1.4 Statistical analysis of Alignment Model

The multiple regression analysis has ascertained important results regarding the impact of alignment approach between KM, business, and HR strategies for organizational performance, measurable in terms of job satisfaction, commitment, individual competence and market and financial performance. The overall multiple regression model is significant in supporting hypothesis 10. Moreover, this study has considered organizational performance to be the criterion variable in a regression equation, and KM, business, and HR strategies have been used as predictors. For this, 5 point likert type scale has been used to analyze the perception of officers in Nepalese commercial banks. Therefore, the result of the regression analysis is presented in detail and possible explanations are considered in this part.

- In regard to job satisfaction, the result showsthat knowledge management strategy contributes the most in predicting job satisfaction compared to Business strategy and HR strategies. This shows that the executives of the Nepalese commercial banks do realize the importance of managing knowledge

in a bank strategically, i.e., well understood by all employees in relation to their business and HR strategies.

- Although it is seen that there is no significant variation between the individual predictors i.e. knowledge management, business, and HR strategies towards job satisfaction of the employees in Nepalese commercial banks.

- Moreover, job satisfaction level of employees in Nepalese commercial banks is found to be average but the role of banking managers in allocating the necessary resources towards sustaining HR initiatives requires more attention. Therefore, it is evident that it is not only the KM practice alone but other factors also play a role in helping banks to have a well-attaining job satisfaction in place.

- However, it becomes clear that the employees of the Nepalese commercial banks are not much satisfied with their job. This explains that the retention rate is low and the leaving rate of the employees is high. The result also makes clear that the quality of the working and cooperative environment is poor and that there is a minimum level of autonomy as per requirement towards their job to decide how to work, how to prepare their schedule about their work and how to use their available resources toward their job. Likewise, the result also shows that there is less focus on reward system for work and a fearless environment for taking calculated risks.

- Therefore, to accomplish improved work products and job satisfaction of the knowledge-worker, the Nepalese commercial banks should pay enough attention to knowledge sharing culture, quality of work life, required level of freedom, secured feelings towards their job, teamwork and indiscriminate reward system. The Nepalese Commercial Banks should also focus on providing their knowledge-worker with career oriented and job oriented trainings at regular intervals, which will enable the officers in feeling more secured and competent in work.

- The level of employee commitment in Nepalese commercial banks is found to be progressive. However, the role of the Manager in enhancing their employees' commitment towards job and organization itself requires attention. That means that the alignment between Knowledge management, business, and HR strategy explains significant percentage of effect in employees'

commitment but at the same time other components that affect the employees' commitment also needs to be considered positively. Reward management emerges as another important factor that should be designed to establish a direct relationship between employee commitment and performance.

- The result also showsthat the use of knowledge management alongside business strategy in organizational commitment in Nepalese commercial banks is at initial stage. Similarly, it is also noticed that Nepalese commercial bank managers pay less attention towards empowering their subordinates, meeting their expectations, understanding their internal feelings, regular meetings and proper communication about their job performance. Furthermore, the banks pay minimal attention to cost factor related in retaining long term employees commitment in their respective banks, which resultantly affects the employees' commitment and instigates them to quit the organization even for short term benefits.

- The findings also suggest that Nepalese Commercial Banks should focus on proper alignment of knowledge management, HR and business strategies for gaining employees' commitment rather than just forcing on Business strategy alone. Thus, if Nepalese commercial banks wish to enhance higher commitment level of their employees towards their banks, they need to develop teamwork and groupwork culture to link individual for transferring and sharing their knowledge from person to person and there must be a reward system to encourage them towards organizational attachment. Similarly, Nepalese commercial banks should also focus on providing extensive job-oriented and career-oriented training to employees at regular intervals. Moreover, the leaders of the banks should develop professionalism to handle organizational problem effectively by using interpersonal and communication skills.

- In regard to employees' competence, the alignment between business, Knowledge Management, and HR Strategies for employee competence is found to be at satisfactory level in Nepalese commercial banks. This means that the Nepalese Bank officer knows the benefit of alignment between business, knowledge management, and HR strategies, and its importance of the benefit for the bank. The officer believes in teamwork, delegation of

authority, know-how about the different modes of training programme and understanding about the different approaches of leadership, but has less knowledge of knowledge management practice.

- The contribution of business strategy is found to be more in predicting individual/employee competence compared to HR strategy and KM strategies in Nepalese commercial banks. Moreover, KM strategy as indicated by the result is found to be lagging behind in comparison to HR and business strategies. However, previous theories/literature have stressed that knowledge management practice is an essential determinant factor for developing individual competence in any organization.

- Similarly, it is found that managers of Nepalese commercial banks have high compatibility in regard to day to day operations, as they are highly involved in development of the long term goals and their awareness of the key competitive challenges to be faced by the organization. Nepalese commercial banks are highly oriented towards formulation of business strategy in the light of long term challenge to be faced by the bank but less oriented towards designing a business and human resource planning in regard to individual employee competence issues.

- The result of the study also reveals that the managers of Nepalese commercial banks have moderate level of competence. The managers understand and easily communicate with others and have knowledge, to some extent, of human resource skills, behaviour and goals. But they are moderately competent towards leading and convincing others and assessing and managing training programme for knowledge skills and ability development for their employees in their respective banks. It is found that Nepalese commercial banks are required to lone in their managerial skills, so that these banks are able to compete with others, efficiency and productivity. Therefore,

1. a long term policy is required for managing people's knowledge, skills and experience that must be integrated with business objective;

2. the officer level staff should be sent to attend competence development programs (CDPs) and workshops so that they have clear idea about their managerial roles in responding to future opportunities and challenges;

3. the competence of the Nepalese bank Managers can be strengthened when they are involved by the banks in the decision making process. Likewise, individual competence can be further enhanced through knowledge sharing culture, training, workshop and CDPs programme so that they can easily assess the knowledge and skills as per the needs; and

4. the Nepalese commercial banks should conduct trainings and seminars on a regular basis to familiarize the employees with the specific objectives of the banks and involve the managers in strategy formulation process so that they will be able to design proper staffing plans and can take right decisions related to HR issues and practices.

- In regard to market and financial performance, the alignment between business, knowledge management, and HR strategies contributes positively to market and financial performance in Nepalese commercial banks. Similarly, it is also found that, the relationship between business, KM, and HR strategies explains moderate level effects in Nepalese commercial banks. Furthermore, a proper way of alignment between business, KM, and HR strategies is found to be in poor practice in Nepalese commercial banks.

- It is also evident that it is not only the alignment approach between business, KM, and HR strategies alone plays a role in helping an organization to achieve a higher market and financial performance, but other factors relating to environment, culture, leadership, unions, and reward management also emerge as important.

- Moreover, in Nepalese commercial banks, the role of leadership in motivating their subordinates and allocating their necessary resources towards attaining market and financial performance is found to be less attractive. Likewise, the table also shows that an absence of proper strategic alignment may make Nepalese commercial banks and their managers incapable of realizing sufficient value from human capital, IT infrastructure and research and development programme investments.

- However, the investment on human capital, IT infrastructure, R & D programme towards the quality of product and service and innovation require more attention in commercial banks of Nepal. Similarly, the alignment between the individual predictors shows that business strategy can contribute

more to the market and financial performance in conjunction with HR strategy in Nepalese commercial banks.

- In addition, KM strategy by itself has been found to be of less effectiveness in Nepalese commercial banks which are poor in regard to providing efficient customer service and delivering effective results towards increasing market share and profit margins. Similarly, the use of KM for increasing market share and financial performance through innovation is still in transition and at an initial phase because neither the banks have the systematic approach of KM strategy nor do they use appropriate practice for strategic integration.

- In regard to overall organizational performance, the alignment between business, KM, and HR strategies contribute positively to overall organizational performance. If the existence of a relationship between KM, business, and HR strategies is good in practice, the overall performance of the organization should be higher. This means that the existence of relationship between KM, business and HR strategies do not contribute highly to organizational performance in Nepalese commercial bank which shows that there is a weak alignment between them.

- Moreover, business strategy can contribute more to the overall organizational performance followed by HR strategy in Nepalese commercial banks. However, at the same time, it has been also noticed that KM strategy is found to fare poorly in Nepalese commercial banks. This means that KM practice for effective utilization of alignment approach for achieving higher organizational performance is found to be weak in Nepalese commercial banks. Similarly, it is also found that a bank which has high quality integration in KM business and HR strategies achieve more than those, thathave failed to do so. The lattet low level alignment. It also shows that business and HR Strategies alone can do nothing without KM initiatives to lead organizational resources towards attaining organizational performance.

- Likewise, the commercial banks of Nepal are poorly conscious of gathering, organizing, sharing and analyzing their knowledge assets comprehensively in terms of resources, documents, and people's skill and abilities. It is also found that Nepalese banking managers have paid less attention to producing innovative and qualitative products frequently as per the need of their

customers which, more interestingly, can be one of the major reasons that adversely affect the overall performance of commercial banks in Nepal. Therefore the strategic alignment between KM and HR strategies for efficient management of banking activities should be considered by Nepalese commercial banks for their overall performance.

9.1.5   Ownership Patterns and Organizational Performance

The descriptive statistical analysis has arrived to some important results regarding the ownership patterns and their impact on organizational performance. In this study, there are four dimensions of the organizational performance which includes job satisfaction, commitment, individual competence, and market and financial performance based on ownership types such as public banks, private banks, and joint venture banks which are measured by a five-point likert type scale, ranging from "1 – highly disagree" to "5 – highly agree". Therefore, the result of the ownership pattern and organization performance are presented as:

- The finding of this study shows that different owners have differential impact on the organizational performance, including job satisfaction, commitment, individual competence, and market and financial performance. Moreover, results of the present investigation indicate that in Nepal job satisfaction among public and joint venture bank employees is highest than private bank employees. Thus, the private banks authorities should need to give more attention to the essential factors of job satisfaction. Apart from salary and benefit, the management must provide job security and stability along with required autonomy.

- Similarly, the results of the present study demonstrate that a significant difference exists about the dimension of employee commitment among public, private and joint venture bank employees. Public bank employees are found to have lower level commitment towards their job than joint venture and private bank employees. It can be concluded there from that the employees of joint venture and private banks are more committed because of a significant role emphasis on allocating necessary resources and creating conditions that facilitate the realization of employees' potential through career planning efforts by the employees of both these types of bank.

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- Moreover, the results of the present study also indicate that a no significant difference is found on the dimensions of individual competence among public, private and joint venture commercial banks in Nepal. The results of the study confirm that all three groups of commercial banks are attentive towards different features and practices of individual competence and its development. However, all Nepalese commercial banks need to improve their employees competence by giving job-related and career related skills training programme on a regular basis.

- In addition, the various ownership types of Nepalese commercial banks show distinct characteristics regarding the market and financial performance. The result points out that the market and financial performance depends as a firm's environmental situation, availability of internal resources, competitive advantage and organizational structure.

- It also indicates that joint venture banks are comparatively seen being effective towards marketing and mobilization of their resources. Finally, joint venture and private banks are seen as being more sensitive to market dynamics than public banks in Nepal. Moreover, public banks are seen generally less likely to improve market and financial performance. This may be because in Nepal government investment is the only source of innovation in investment and the compensation for public bank manager is often un-related to the banking performance, where as joint venture and private banks are more sensitive towards banks performance. Therefore, it can be concluded that different owners have different impact on the banking performance in Nepal.

9.2 CONCLUSION

This section concludes the basic concept and theory of strategic alignment between knowledge management and its strategy, business strategy, HR and its consequent impact on organizational performance. Based on the result, the concepts of strategic alignment and alignment gap have been discussed and identified in the context of Nepal, specifically in the commercial banking sector. Additionally, this study has attempted to confirm the ability of strategic relationship among KM, business and HR strategies in job satisfaction, commitment, individual competence and market and financial performance in three groups of commercial banks. Moreover, the researcher

has examined multiple perspective to test the performance implications of strategic alignment in the field of knowledge management.

The research shows that strategic alignment practices in terms KM, business, and HR strategies are varied as per ownership pattern. It may be that different ownerships have different priorities in this respect of as per their constraints such as availability of resources, competitive advantage, source of innovation, regulatory procedure and system and degree of emphasis on R & D, and so on. This means that the ownership pattern plays a significant role in the practice of KM, business, and HR strategies. Furthermore, the results indicate that a significant difference is found on all dimensions of KM, business, and HR strategies among public, private and joint venture banks in Nepal. Whereas joint venture banks are found to be the leading banks, private and public banks lag behind in all the aspects of strategic dimension. Therefore, public and private banks need to concentrate more on necessary resources for competition with other banks for gaining competitive advantages through an efficient practice of strategic alignment that includes putting in place KM, business, and HR strategies. Needless to say, Nepalese commercial banks must choose appropriate strategy that aligns with their ownership patterns.

The study finds that the practice of knowledge management strategy is still at a developing stage, even though the concept and importance of KM is well accepted in the banks of Nepal. The main reasons for Nepalese commercial banks to go for knowledge management practice are to enhance the knowledge, skills and expertise of their human resources to encourage and motivate employees at different levels in consonance with their business strategy.

However this is a wider need for the systematic way of application of KM with regard to business and HR strategies. This requirement is felt mainly in the relationship of bank to customer, bank to market, and customer to customer. The results are consistent with the finding that sharing and distributing knowledge among the employees are aimed at empowering them to take timely decisions. This is one of the main reasons for strategic alignment of knowledge management. KM practices are aligned in the banking sector through people and technology. In addition, alignment in the field of KM in the banking sector functions as a strategy for banks to maintain their competitive advantages (Ali and Ahmad, 2006).

Furthermore, the result shows that the sharing of knowledge and experiences among the employees is found to be poor in practice. Employees do not have easily accessible platform to suggest on issues related to business operations. Therefore, Nepalese commercial banks need to cultivate knowledge sharing culture among the employees and create a conducive environment whereby the employees can easily share their knowledge and experience about different strategic issues related to business system and approach through human resource strategies. Here it must also be added that Nepalese commercial banks tend to focus more on applying KM codification strategy than adopt personalized strategy. The fact that the use of computer as a major mode of knowledge transfer is high in Nepalese commercial banks meaning that the banks codify knowledge in a systematic and standardized way in database for easy access and retrieval. It can also be inferred that banks have strong documentation of project results and meeting profiles but the Nepalese banks' inefficiency in not having the know-how and technical or problem solving skills of using the data base for coider purposes due to the lack of expertise on the one hand and taking it as specialized function on the other hand has resulted in banks' tendency to encourage their employees to trend on the path of learning by doing approach. Although the employees are encouraged and motivated to attend seminar, training and conferences for knowledge and skill enhancement, less focus is found in regard to the investment in such activities. This is similar to what has been pointed out by Shih and Chiang (2005) that in this competitive age such meetings, informal dialogues, trainings, seminar, group discussions and interaction play a pivotal role in generating innovative ideas and knowledge. Thus KM codification and KM personalized strategy must compliment on each other.

The result shows that products and services play a part in competing both at the local and the national level market. What this means is that commercial banks of Nepal are found to be more conscious of market strategies and business strategies. Because of this banks' are able to satisfy market needs by providing services and products as per the need of the local and national markets. It is also found that business strategy is very important to maintain competitive advantage. However, the Nepalese commercial banks still lag behind in adopting a combination of strategies in regard to cost leadership and differentiation strategies. It is critical for commercial banks to transform their basic services into service oriented providers. This is similar to what

has been pointed out by Yeung, et. al., (2006) that companies that have achieved a combination of both differentiation and cost leadership strategies outperform companies that have achieved only differentiation. Nepalese commercial banks, however, focus more on providing goods and services on low cost meaning adoption of cost leadership strategies. Similarly, it has also been found that the personnel are more interested in and motivated for the enhancement of their knowledge, skills and ability by attending workshops, seminars and similar training programmes, but the Nepalese commercial banks appear to give less priority to these activities. Therefore, commercial banks are required to give more attention to service quality and innovative products rather than the emphasis only on providing basic service at low cost. Nepalese commercial banks must review their existing business strategy and decide whether they wish to continue the low cost and low profit strategy, or change to become a qualitative product and service provider in order to achieve higher business performance.

The findings demonstrate that managers of banking sectors in Nepal are oriented towards formulation of HR strategies and long-term challenges of the bank, but less oriented towards proper designing of staffing plans and formulation of decisions processed related to HR issues in terms of leadership, interpersonal, communication and professional and vocation skills. Likewise, it can also be found that Nepalese commercial banks are more attentive towards recruiting, hiring and training employees who have specific knowledge skills. What this trend tells us is that bankers of Nepal believe in hiring and recruiting skilled employees rather than by constantly developing their own employees' skills from a long term perspective. In addition, another very interesting result indicates that Nepalese commercial banks do maintain competence profile of their employees. However, due to the lack of clear cut policy to retain employees having knowledge and skills, the desired outcome remains a far cry. Similarly, managers of banking sectors in Nepal should also focus on developing their employees in accordance with the feeling and attitude of their employees. The result is in line with the findings of Goel, et. al. (2012) that organizations operate in all the areas through people and it is their contribution which determines success and that it is their skill and knowledge which need to be cultivated and then leveraged to create competitive advantage. The implication is that Nepalese commercial banks are

required to identify training mode and employees retaining factors which create competitive advantage for a bank.

In this way, the finding of this study highlights the role and skill of leadership in building a conducive culture within which people operate in an organization. Leaders of Nepalese commercial banks do realize the importance of creating working environment, teamwork, and groupwork culture and encourage their employees towards learning by doing approach. However, in practice the leadership is found wanting in stimulating and encouraging their subordinates. This means that the participatory approach has got less focus in Nepalese banks because the top level managers are seen to have a weakened role and are poorly involved in exploring solutions through involvement of their subordinates by using activities like brainstorming, idea sharing and informal discussion. Therefore, the result should encourage Nepalese commercial banks to consider not only obtaining HR managers but also providing them with the resources and required freedom to develop high performance oriented work system. In addition, due to the constraints of such resources and freedom, Nepalese bank managers are found to be moderately competent towards leading and convincing others for matching business strategy with human resource priorities. What this means is that less focus is found in regard to the development of leadership skills to make Nepalese commercial banks more efficient and competitive. This result is consistent with the findings of Jyotie, et. al. (2012).

This study has shown that interpersonal and communication skills of employees are essential for organizational benefit. However, in reality, interpersonal and communication skills in the three Nepalese commercial bank are not up to the mark. Senior managers of Nepalese commercial banks realize the significance of interpersonal and communication skills to promote employee attachment to the organization and for building and maintaining the relationship of trust and loyalty. But due to the lack of efficiency of interpersonal and communication skills, managers of Nepalese commercial banks have not been able to create a non-discriminatory work environment, clarifying expectation and empowering others. Therefore, it is concluded that despite Nepalese commercial banks having realized the indespensibility of interpersonal and communication skills for organizational performance, the role of managers in handling conflicts, sending messages, listening

and providing feedback by using emotional energy, and empowering others to use interpersonal skills and communicate freely towards creating non-discriminatory work environment is yet to be desired. This result is consistent with the view of Matin, et. al., (2010).

Professional and vocational skills of managers as well as employees are essential factors for enhancing organizational performance. In addition, human resource practices are the primary means by which firms can influence and shape the skill, attitude and behaviour of individuals to do their work and thus achieve organizational goals. This study shows explored that all three groups of Nepalese commercial banks possess adequate level of experiences and skills to perform specialized tasks. Similarly, the employees in banks are seen attentive towards accomplishing their assignments at the right time in a very effective manner. Yet the Nepalese commercial banks have not been able to utilize their HR professional skills adequately, i.e., knowledge, skills and experiences of the employees in banks are found to be under-utilized. Moreover, the employees are fairly engaged to complete their job and responsibility within the given time period. Yet the employees do not contribute to their best. What means is that the development of professional skills requires proper attention.

Additionally, the study has found that banks have a policy to improve their employees' capacity to respond to changing environment to go for innovations and to handle new technologies and methods. But, in reality, it is implemented poorly that hinders in achieving the desired result. This is similar to what has been pointed out by Adhikari (2007) that in the absence of professional and vocational skills, managers face the problems in implementing their business strategy. Therefore, Nepalese commercial banks need to constantly develop their employees' knowledge and skills for the purpose of maximizing contribution towards the enhancement of professionalism and assimilation of new technologies. It is because if HR professionals do not have the right HRM knowledge and skills, they are not able to think strategically as a strategic partner as viewed by Jyoti, et. al.,(2012).

The relationship among KM and HR strategies are positively correlated with each other. What this means is that banks have realized the importance of knowledge management practice for performance through an alignment of human resource

strategy with people, organizational system, technology and market conditions. It is also seen that employees' knowledge, skills and experience are indispensible for designing and implementing business strategy. Thus, KM strategy and business strategy must capitalize on each other. This means that in the banking sector of Nepal, the KM strategy should capitalize on the strategically related product and service quality and cost factor, and translate them into overall organizational benefit. Similarly the business strategy should capitalize on knowledge management activities and translate them into market opportunities as has been pointed out by Shih and Chiang, (2005); and Granier et. al., (2007); Al Amarry (2008).

All other results reveal weak relationship between KM codification strategy and business cost leadership strategy. Similar result is found in between KM codification strategy and business differentiation strategy. The result shows that the relationship exists positively in both cases, but are not significant. However, the positive and significant relationship between cost leadership and codification strategy is conceptually supported by the literature, for example Shih and Chian (2005) and Grannier, et. al., (2007), but not supported in this empirical study. What this means is that Nepalese commercial banks have IT facility which they cannot use effectively due to the lack of sufficient investment in the development of IT infrastructure and codification of their process into e-libraries and database for all the employees. In addition, managers of Nepalese commercial banks believe that sound IT facility provides technical resources, capabilities and skills needed by the KM codification strategy. Yet the investment in this area is thin. Hence, KM codification strategy must be aligned with its business cost leadership strategy for persuing production efficiency and economy of scale to maintain competitive and comparative positions in the market. Therefore, this result supports the study of Ali and Ahmad, (2006) and Shih and Chiang, (2005).

Furthermore, Nepalese banks should go for a continuous upgradation of their employees knowledge and expertise to motivate and empower their employees at different levels to use their knowledge and experience to re-organize and re-structure organizational setting and improve the focus on knowledge sharing for innovation and system development. The result also indicates that a positively significant relationship is revealed between, KM personalization and business differentiation strategies. This

means that commercial banks of Nepal have started to optimize their employees' knowledge and skills by continuously encouraging group discussion and problem-solving and sharing new ideas and knowledge, but they are unable to appreciate the fact that how knowledge is created, shared and used within the banks for innovative products and service. This result is consistent with the study of Grannier, et. al., (2007).

A weak relationship is seen between KM personalization strategy and business cost leadership strategy. This means that managers in Nepal have given poor attention to communication among people to people, extensive training of the employee, job and reward system meaning that Nepalese commercial banks are required to give more attention to the development of high quality service by properly aligning KM to employees working performance and using it strategically to attain operational knowledge. This result is strongly supported by the study of Sun and Ju, (2009).

The findings of the study also show that all the factors of KM and HR strategies are positively correlated with each other except between KM codification strategy and HR leadership skills. Knowledge, skills, abilities and behavior of the employees and the interactions between them is the foundation that provide the basis for the formulation and implementation of strategy in respective organizations. In addition, all organizations aiming at competitive advantage should practice for managing its workforce connection in regard to their job and performance. Therefore, both strategies are correlated with each other. This means that success and failure of strategic connection between KM strategy and all factors of HR strategy are mostly dependent on how well the banking industry strategically manages its employees' knowledge and skills in relation to HR strategy and practice. This result is corroborated to the study of Tsang Ho., (2009); Adhikari, (2008) and Shih and Chiang, (2005).

There is a positive and significant relationship exists between KM personalization strategy and all factors of HR strategy in terms of leadership, interpersonal, communication, vocational, and professional skills. The result indicates that the choice of suitable strategy not only depends on the type of knowledge (i.e. tacit and explicit) to be shared for generating new ideas and knowledge but also in promoting leadership, interpersonal, communication, professional, and vocational skills. Thus,

the Nepalese commercial banks with access to a greater pool of KM personalization strategy (such as, knowledge linked to person, training mode, sharing culture and reward systems) are more likely to have better developed HR related skills. Therefore, interaction between KM personalization strategy and HR strategy needs to be considered for the successful application of KM initiatives with the help of employees' leadership, interpersonal, communication, professional, and vocational skills. This result is consistent with the views of Shih and Chiang, (2005); Adhikari, (2008) and Stowe et. al., (2010). In addition, the study also shows that the importance of business strategy for effective KM activities in relation to HR strategy has been positively considered by Nepalese commercial banks because these skills in an organization immediately help to create and share knowledge to perform the job in an effective manner.

The study reveals that KM strategy contributes in bringing about job satisfaction, compared to business strategy and HR strategy. This means that the executives do realize the importance of managing knowledge in a bank strategically and in a way that is well understood by all employees in relation to their business strategy and HR strategies. However, it is seen that there is no large variance found between individual predictors towards job satisfaction of the employees. Moreover, job satisfaction level of employee is found to be average, but the role of banking managers in allocating the necessary resources towards sustaining HR initiatives still require better attention. Thus it is evident that not only the KM practice alone but other factors also play a role in helping banks to have better job satisfaction in place. To accomplish improved work and job satisfaction of the knowledge workers, the Nepalese commercial banks should pay enough attention to the knowledge sharing culture, quality of work life, required level of freedom, secure feeling towards job, teamwork, and indiscriminate reward system. Similarly, Nepalese banks should also focus on providing its knowledge workers with career-oriented and job-oriented trainings on a regular basis, which will enable the personnel to feel secure and competent in work. This finding is line with the previous studies of Jand and Prasaran Pharich, (2003); Perk, (2006) and Jyoti et. al., (2006).

With regard to employees' commitment, it is found that managers of Nepalese commercial banks pay less attention towards empowering their subordinates, meeting

their expectations, understanding their internal feeling and holding regular meetings about their job performance. In addition, the Nepalese banks also pay minimal attention to cost factor related to long-term employees commitment and turnover of employees for short-term benefits.

The finding of the study suggests that Nepalese commercial banks should focus on a proper alignment of KM, business and HR strategies for gaining employees' commitment rather than just focusing on business strategy. If Nepalese Commercial banks wish to enhance higher commitment level of their employees towards their banks, they need to develop teamwork and groupwork culture to link individuals through knowledge sharing and there must be a reward system to encourage them towards organizational attachment. Moreover, the officers of Nepalese commercial banks should develop professionalism to handle organizational problems effectively by using interpersonal and communication skills. The findings are in line with the previous studies conducted by Goel et. al., (2010).

The alignment between business, KM, and HR strategies for employee competence is found to be at a satisfactory level in Nepalese commercial banks. The contribution of business strategy is also found to be more in predicting individual competence in comparison to HR and KM strategies. In contrast, KM strategy as indicated by the result is found to be lagging behind in comparison to HR and business strategies. However, previous studies have stressed that KM practice is an essential determinant for developing individual competence in any organization. This means that the officers of Nepalese banks believe in teamwork, delegation of authority, know about the different modes of training programmes and that they understand the different approaches of leadership role. But they have less knowledge of KM practice about human resource planning in a proper way in regard to business strategy and their goals. This findings is consistent with the findings of Lagace, (2007); Stowe, et. al., (2010); Nelson and McCann, (2012) and Jyoti, et. al., (2012).

The result of this study also indicates that managers have high compatibility in regard to day to day operations, as they are highly involved in the development of the long term goals and are aware of the key competitive challenges by the organization. Similarly, they are oriented towards formulation of business strategy and long term challenges faced by the banks, but less oriented towards designing a business and

human resource planning in regard to individual competence issues. The implication is that the managers of Nepalese commercial banks have moderate level of competency. It is because Nepalese banking managers understand and easily communicate with others and have knowledge of human resource skills, behaviour and goals to an extent, but they are merely moderately competent towards leading and convincing others and assessing and managing training programmes for knowledge, skill and ability. Thus, training and seminars should be conducted on a regular basis to familiarize the employees with the specific objectives of the banks and should go for a greater involvement of the banking officers in strategy formulation process so that they will be able to design proper staffing plans and can take right decisions related to HR issues and practices. This result is consistent with the studies of Lau and Wei, (2005) and Dharmasiri, (2009).

The officers of Nepalese commercial banks focus mainly on identifying and managing the tangible assets of banks. Due to the lack of employee competence in banks, they are poorly able to leverage the intangible assets in the form of data, information and knowledge. They need to have skills and capabilities that allow them to be involved in functions such as planning, aligning, benchmarking, formulating and executing of the short-term and long-term strategic plans of the banks. These findings indicate that there is of a misalignment among KM, business and HR strategies for individual competence in commercial banking sectors in Nepal.

The result demonstrates that the alignment among business, KM, and HR strategies explains a moderate level of effect on market and financial performance. Furthermore, a proper way of alignment among these individual predictors is found to be in poor practice in the banking sector of Nepal. It is also evident that it is not only the alignment among business, KM and HR strategies but also other factors like environmental factors, cultural factors, leadership role, unions and reward management emerge as important ones that should also be considered in regard to attaining higher market and financial performance. This means that Nepalese commercial banks should realize that leadership, professional, vocational, interpersonal and communication skills are critical success factors in the development of an effective KM practice. The realization can certainly support some aspects of alignment approach among KM, business and HR strategies, which can lead to the

augmentation of the market and organizational performance. The finding is line with the previous study conducted by Shih and Chang, (2005).

In addition, the role of leadership in motivating their subordinates and allocating necessary resources towards attaining market and financial performance is found to be less attractive. Likewise, an absence of focus on a proper way of strategic alignment may cause managerial incapacity to extract sufficient value from human capital, IT infrastructure and research and development programme investments. Therefore, the investment on human capital, IT infrastructure and R & D programme towards product and service quality and innovation require more attention in Nepalese banking sector. KM strategy by itself has been found to be of less effect Nepalese commercial banks are poor in providing efficient customer service and profit margins. Therefore, the use of KM for increasing market share and financial performance through innovation is still in transition and at a developing stage because neither the banks have the systematic approach of KM strategy nor do they use appropriate practice for strategic integration. These findings are in the line with the previous studies conducted by Sun and Ju, (2009) and Goel, et. al., (2012).

The overall result of this research shows that the alignment between business, KM and HR strategies contribute moderately to organizational performance. This means that there is a weak alignment among them.

It is, in fact, the business strategy that contributes more to the overall organizational performance than HR and KM strategies. It has also been noticed that KM strategy is poor in Nepalese commercial banks. Hence, the relationship between KM practice and HR strategy and will organizational performance is found weak in the banking sector of Nepal. However, without KM initiatives to leading organizational resources towards attaining performance may not be feasible has also observed by Shih and Chang, (2005) and Granier, et. al., (2007).

Moreover, there is less conscious of gathering, organizing, sharing and analyzing their knowledge assets comprehensively in terms of resources, documents and skills and abilities. It is also found that less attention has been paid to producing innovative and qualitative products as per the needs of the market that adversely affects the overall performance of the banking industry in Nepal. There is a need to asses and create a

knowledge center culture and so structure work objectives and incentives to encourage people in a competitive and professional manners.

There is evidence to concludes that different category of owners have differential influence on job satisfaction, commitment, individual competence, and market and financial performance. Results of the present investigation indicates that job satisfaction among public, private and joint venture bank employees is not at the same level. Joint venture and public bank employees are found to be more satisfied than their private bank counterparts in Nepal. What this means is that joint venture and, to some extent, public banks put emphasis on career planning. Thus, the private banks authorities need to give more attention to the aspects of job satisfaction. Apart from salary and benefits, the management must provide job security and stability along with required autonomy.

A significant difference is found about the dimension of employee commitment among public, private and joint venture banks employees. Public bank employees are found to have lower level commitment towards their job despite being relatively more satisfied meaning that satisfaction alone does not ensure commitment. It means that the employees of joint venture and private banks are more committed because of emphasis on allocating resources and creating conditions that facilitate the realization of employee potential through career planning efforts.

It further demonstrates that there is no significant difference in the dimensions of individual competence among public, private and joint venture commercial banks in Nepal. The results confirms that all categories of commercial banks are attentive towards different features and practices of individual competence and development. However, they need to emphasize more on employees' competence by organizing job-related and career related skills training programme on a regular basis.

The result points out that market and financial performance depends on a firm's environmental situation, availability of internal resources, competitive advantage and organizational structure. It also indicates that joint venture banks are comparatively seen being effective towards marketing and mobilizing resources. Finally, joint venture and private banks are seen to be more sensitive to market dynamics than public banks in Nepal. Moreover, public banks are less likely to agument their market

and financial performance. This may be because government investment is the only source of innovation in investment and the compensation for public banks manager is often un-related to the banking performance, whereas joint venture and private banks are more sensitive towards banks' performance. Therefore, it can be concluded that different categories of owners have different influence on the performance of banks.

9.3   FUTURE DIRECTION

This section discusses the direction of future research in the strategic alignment studies in relation to Nepalese commercial banks. Knowledge management is the referring to comprehensively collecting, organizing, sharing and using its intangible assets, that is knowledge, in terms of resources, documents skills and expertise, is now becoming an undeniably important component of an organizations intangible assets. The continuous change in market expectations and the changing behaviour and demands for new products and services have caused gradual displacing of capital and labour intensive firms by knowledge intensive firms. There has been a similar shift from manual workers by knowledge workers.

The application of strategic alignment in the area of KM in the banking sector does not really differ from other industries, but the increasing complexity of banking environment makes its implementation a more challenging task. More efforts, resources, knowledge, leadership skills, interpersonal and communication skills, and professional and vocational skills are employed efficiently to help procure achievements in modern banking operations. Thus banks of Nepal have realized the critical role of strategic alignment among KM, business and HR strategies in gaining an edge in this age of competitive markets, but there have been laggards in the adoption of knowledge management integration approach usually due to wait and watch attitude of what will be the real benefits and pitfalls from the early adopters. Therefore, it is believed that this study will encourage other future researchers to take initiation for further research in this country in different sectors and to investigate other important factors that may help to bridge the gap and build appropriately different culture and context.

Furthermore, this study sheds light on the strategic alignment among KM, business and HR strategies and then impact on organizational performance that includes job

satisfaction, employee commitment, individual competence and market and financial performance. However, the study uncovers some important issues regarding the proper planning of the strategic alignment and organizational performance. In addition, it is considered that a study like this on specific type of sample organization (Commercial Banking sector) in Nepal may not result in a universally accepted model. Therefore, future studies of similar nature in other industries and sectors should be considered.

Future research may consider even other contextual variables such as union, culture, (both organizational and national) and overall economic policy of the country etc. This may bring to the fore the potentials of HR practice by which firms can attain their strategic objectives. Other research perspectives may include an investigation of the contingency factors such as leadership style, management function, knowledge domain, success factors of KM, technical issues, skill required. Thus, future efforts are still required to strengthen the theoretical framework and to asses it by empirical validation.

9.3.1 Implication from Academic Perspective

This research work is the first comprehensive study of the strategic alignment by using a holistic approach that include KM, business, and HR strategies based on skills and organizational systems in Nepalese context. The study places the spotlight on current and future business objectives, operations and services priorities, requirement of skills and major concerns of the organizational performance which include Job satisfaction, employee commitment, individual competence, and market and financial performance in Nepalese commercial banks. The contribution of the study is that it provides valuable insight for both academic researchers and policy makers in Nepalese context.

The result and analysis of this study robustly show that that the best way to achieve competitive advantage is through coming up with different strategies and through a regular upgradation of core competencies. Basically, this study has contributed to the KM discipline through an investigation of issues in the field of KM. This study examines the relationship among KM, business, and HR strategies and their perceived impact on organizational performance. The result of the present study suggests that

KM and business strategies are positively related with HR strategy in terms of leadership skills, interpersonal and communication skills and professional and vocational skills for organizational performance. Many of the previous researchers who have theorized about this relationship have lacked empirical foundation on which to base their ideas, but this study clearly establishes this link, particularly the fit among the three constructs that are conceptualized as one complete model for the first time. Therefore, this should be considered as a new contribution of this research.

Moreover, the findings of the study have sought to make several important contributions for future academic scholars who want to study strategic alignment orientations. The research model also provides a means of conceptualization to reveal the strategic alignment between two types of KM strategy (KM codification and KM personalization Strategy), two generic business strategy (cost leadership and differentiation strategy) and three profiles of strategic HR (Leadership, interpersonal, communication skills, professional and vocational skills) orientations.

This study mixtures the concept of HR strategy in terms of leadership, interpersonal, communicational, professional and vocational skills and fit at the empirical level. The study postulates that future studies may be initiated to investigate other important factors such as HRM competence, conceptual skills, outsourcing orientations along with implications of demographic variables such as age and corporate experience in the banking as well as other sectors.

Finally, everybody widely discusses about KM alignment as an important means to nurture a firm's competence and that the management of people's knowledge and skills are inseparably related to organizational performance (Meso and Smith, 2000). Very few empirical studies have validated such assertions. So, the study concludes that a relationship among KM, business and HR strategies is positively related to organizational performance. Hence, the result of this study expands the realm of strategic HR practices by indicating a whole new set of variables to pay attention to i.e. how a firm integrates its KM with HR strategies (Huselid, 1995; Delery and Doty, 1996). The findings indicate that the conceptual model of strategy of HR practice involves KM factors. Furthermore, HR system work simultaneously with other organizational variables. Therefore, it indicates new vistas of enquiry to evaluate the effect of the concrement interactions among KM strategy, business and HR strategies

and even other contextual variables. Only then there can be a comprehensive understanding of the potential of HR practices in enabling a company to attain its strategic goals in a better way.

Further issues that are raised include, what are the different practices that HRM can promote and how can such benefit be derived? What are the different tools and techniques applied in these processes? And what types of employees' knowledge and skills do HRM practice nurture? That require further investigation. This study measured organizational performance by performance rather than by objective financial figures. Meaning that future researches may be carried out incorporating hard financial indicators.

9.3.2   Implication from Practical Perspective

The results of this research positively and significantly support the holistic perspective of performance implication of strategic alignment between KM Strategy, Business and HR strategies. The findings positively support the theoretical propositions of the performance impact of strategic alignment. However, an absence of proper strategic alignment may hinder Nepalese banks and their managers' to realize sufficient value from human capital that include knowledge, skills and ability, sound infrastructure and research and investments in developmental programmes. Thus, infact, it may be one of the reasons for affecting organizational performance in Nepalese commercial banks. It means that banks must match right business and KM strategies with appropriate HR strategies that include leadership, interpersonal, communication, professional and vocational skills. These findings focus on the critical roles of leadership, interpersonal, communication, professional and vocational skills for effective strategic HR practice, KM initiatives and business strategy in the process of generating overall organizational performance implications.

Despite a wide spread discussion on strategic alignment, the question arises regarding its application and utility. This curiosity about the issues related to strategic alignment in the field of KM has been faced practically by the representative firms that are attempting to understand and employ KM with regard to business issues and strategic HR practice for improving their organizational performance. Therefore, it is evident that a clear understanding of KM strategy integration with business and HR strategy

may help Nepalese commercial banks to re think their ideas and methods of managing their tangible and intangible assets. Moreover, the present study identifies the factors that are vital to promote continual innovations to ensure a competitive edge in the market. The findings of the present research will be of interest to banks and other organizations that are seeking to implement KM. This study may assist the banking industry as well as other industry to follow its result to create a competitive advantage in their nascent knowledge base. The finding provided "new vistas" for policy makers to determine the extent of support to be provided to the banking industry in Nepal.

In the strategic management literature, the knowledge-based view of the firm shifts the focus on the resource of knowledge which is quite important in creating long term competitive advantage (Alavi and Leinder, 2001; Kought and Zander, 1992). However, not all knowledge management initiatives have been shown to positively influence organizational performance. For this, it can be noticed that many parameters and their interactions need to be considered for the successful application of knowledge management strategy in an organization. Hence, a different KM strategy and practice were proposed for different types of knowledge. However, the selection of a suitable strategy not only depends on the type of knowledge to be shared but also on the organizational need, availability of people is knowledge and skills in which the organization operates. The present study sheds light on the significant relationship among these strategic factors and the impact of these factors in relation to alignment on organizational performance. The finding of the study provides a theoretical as well as practical insight that could assist managers to determine the extent of support to be extended to Nepalese Banks.

The implication for the findings of this study to the practitioners in Nepalese commercial banks is what Nepalese policy makers can do in coping their strategic KM practices and HR practices with their business strategy. The result significantly supports the holistic perspective of performance implication of strategic alignment in the banking industry of Nepal.

The result of this study demonstrates that the banks with competitive cost leadership strategy must utilize standardized and large volumes of production, extensive selection and training procedures and have relatively high job security based on their HR practices, compensation and promotion decisions tightly connected to employees

work performance, use broadly defined jobs with enriched design, team-based work and job rotation among employees to familiarize them with their colleagues, work system emphasizing efficient way of operation at lower cost and time. Therefore, commercial banks of Nepal should adopt KM codification strategy to support the implication of strategic alignment.

Furthermore, HR strategy in terms of leadership, interpersonal, communication, professional and vocational skills are another important factors in the process of alignment between KM codification and business cost leadership strategy. For this, leadership skills play a key role in connecting employees in work system and performance, which in turn can lead to change and encourage employees to add KM with organizational mission and objective.

Employee behaviour, manner and specific knowledge, skills and methods that are compatible with the spirit of employees interpersonal and communication skills, professional and vocational skills, to create a conducive work environment and use emotional energy of the manager in team-building and for promoting higher acceptance to change is needed. In addition, professional and vocational skills required for accomplishing specified task and for quickly responding to changing environment are also important. Innovation and handling new technology and method in a effective manner are equally important. Therefore, it is emphasisedthat the findings will raise the awareness of policy makers about Nepalese commercial banks about the importance of alignment approach to give their attention to the KM issues and human capital issues, thereby improving their organizational performance and bring benefits to Nepalese society on the whole.

Moreover, on the other hand, banks pursuing business differentiation strategy, should focus on customized innovative products and services and adopt KM personalization strategy to provide a conducive environment which focuses on intensive employees' commitment towards work oriented and career oriented training and encourage active participation in decision making process that is suitable to develop steady partnership among employees to exchange their tacit knowledge and experience. For these, banks should consider HR practices in regard to KM personalization strategy with business differentiation strategy. Leadership skill is a essential factor in influencing the sharing and utilization of unique knowledge and experience in an organization. Leaders

develop individual and organizational competence to support sustainability and bring knowledge transformation that understands how knowledge is important and then to create a process to put that knowledge and expertise into action. In addition, therefore, interpersonal and communication skills of employees help develop person to person conversation and exchange of knowledge, facilitate closer employee-familiarity and teamwork in a comfortable environment which in turn can lead to encourage employees to complete their tasks in an efficient manner. In addition, professional and vocational skills contribute to enhance organizational as well as individual performance. Thus, contribution of this research to the banks is that they need to determine different profiles of business and KM strategies that matter the most and then direct HR strategy, in terms of leadership, interpersonal, communication, professional and vocational skills to support this strategic alignment in order to sustain their competitive advantages.

The study also highlights the human resource development functions. As individual competence becomes the key competitive advantage in any organization, especially in the banking industry, the HR development function that includes employees competence plays a more strategic role. Strategic human resource management ensures that human resources are employed in a manner conducive to the attainment of organizational goals and missions.

Moreover, from the perspective of strategic alignment theory, ownership type is an important moderator in any strategic alignment configuration. This study is the first to explore this mechanism whereby ownership patterns (as an institutional factor) moderately affect the practices of strategic alignment between KM, business and HR strategies on organizational performance. The result of this study contributes to the literature of strategic alignment in the field of KM strategy by revealing that every type of organization needs to fit their business, KM and HR strategies to their ownership patterns in order to achieve high quality performance. Moreover, for managers, the main implication of this research is that they need to recognize that given the resource available under different ownership patterns, the effectiveness of strategic alignment approaches also varies. Therefore the banks need to indentify an appropriate way of alignment approach that makes a fit with their ownership types in order to effectively deal with their resource constraints and to improve the overall

organizational performance. In addition, the result of present investigation provides an important implication for bank authorities not only to assess individual efforts but also create conditions that facilitate the realization of employee potential through career planning efforts. Finally, as the analysis of the entire aspects of the organizational performance among the public, private and joint venture banks in Nepal reveals the key implication is the banks must focus on efficient strategic human resource practices for maintaining employee competence, job satisfaction and commitment level which determine not only the performance of the bank but also affect the growth and performance of the entire institution. So, to attain success, it is important to align strategic human resource practice with the conjunction of KM and business strategies and to find whether the employees have competence, satisfaction, and commitment or not, commensurate to the requirement.

APPENDIX - I

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APPENDIX - II
SURVEY QUESTIONNAIRE

Dear Sir/Madam,

Based on Nepalese Commercial Banking Sector (Public, Private and Joint-venture), the study has been entitled "**STRATEGIC ALIGNMENT OF KNOWLEDGE MANAGEMENT FOR ORGANIZATIONAL PERFORMANCE**". As mentioned above, the purpose of this study is to find out how the co-alignment between KM Strategy, HR Strategy (in terms of leadership skills, interpersonal and communication skills and vocational and professional skills) and Business Strategy affect the banking performance in the Nepalese Banking Sectors.

This research work has been undertaken for my doctoral degree of Faculty of Management, Tribhuvan University, Nepal.

In order to accomplish my Ph.D. dissertation, I have sent you a copy of structured questionnaire and I would like to request you to provide some relevant information as per the questionnaire enclosed herewith. It would be highly appreciated if you could return the questionnaire by providing necessary information.

I would also assure you that the views expressed by you will be kept completely confidential and use only for academic purpose. If you have any queries, you can feel free to contact me by e-mail or phone.

Thanks for your kind co-operation and valuable time for this research work.

Best Regards,
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QUESTIONNAIRE

PART I: PERSONAL BACKGROUND

1. Name: ……………………………………………………………
1. Organization: ………………………………………………………
2. Age: …………   3. Gender: Male/Female
4. Qualification: …………………………………

   i. Intermediate   ii. Bachelor

   iii. Master's Degree and above

5. Current Position: ………………………………………
6. Work Experience (in year): ………………………………………..
7. Division/Unit: ………………………..…………………………..

PART II : BUSINESS STRATEGY

For the purpose of this survey, respondents are requested to use the following definitions:

Business Strategy: Business Strategy is the outcome of decision made to guide an organization in relation to environment, competitors, structure and process that influence its organizational performance.

Cost Leadership/Low Cost Strategy: Low cost strategy refers to an organization that emphasize cost reduction activities and policies in their operations and price their product and services lower than their competitors.

Differentiation Strategy: Companies that do not emphasize on cost but are inclined to make their products or services different from their competitors persue a differentiation strategy. Differentiators will tend to superior quality, innovation, etc.

In order to construct the data analysis of Business Strategy, the **Likert Scale** items are listed below, and each is measured on 1 to 5 point scale: *1 = highly disagree, 2 = disagree, 3 = neither agree nor disagree (neutral), 4 = agree and 5 = highly agree.* Please indicate your agreement with each item by placing the appropriate number in the rating volume column.

S.No.	Statement	1	2	3	4	5
1.	We have mission statement					
2.	We have written Business Strategy					
3.	Our products/services compete in local market					
4.	Our products/services compete in national market					
5.	Our products/services compete in international market					
6.	Our major Business Strategy is cost leadership strategy					
7.	Our major Business Strategy is differentiation strategy					
8.	Our bank focuses both cost leadership and differentiation strategy					
9.	We organize regular employees training and development program with low cost					
10.	Our Bank is engaged in market research					
11.	Our bank prefers to seek growth through acquisition rather than spending money on R & D activities.					
12.	Our bank acquires new ideas through strategic alliance					

A. COST LEADERSHIP

S.No.	Statement	1	2	3	4	5
1.	We put out goods or services with low cost.					
2.	We make goods or services to fit the needs of particular clients/customers.					
3.	We put out full range of products or services to satisfy broad range of customers.					
4.	Our products or services enjoy technological lead compared to that of our competitors.					
5.	Prices are set below competition					
6.	Prices are cut to gain market share.					

B. DIFFERENTIATION STRATEGY

S.No.	Statement	1	2	3	4	5
1.	We put out innovated products or services frequently					
2.	Our products or services are to satisfy the needs of specialized market niches.					
3.	Our customers compose only a small portion of the broad clients/customers.					
4.	Our customer's are small in number compared to the potential clients/customers on the whole market.					
5.	Product and service quality is emphasized					
6.	Basic research is emphasized to provide a future competitive edge					

PART III : KNOWLEDGE MANAGEMENT STRATEGY

For the purpose of this survey, respondents are requested to use the following definitions:

Knowledge: Knowledge is understanding gained through experience or study. It is know how or a familiarity with how to do something?

Knowledge Management: Knowledge Management is the concept in which an enterprises consciously and comprehensively acquire, organize, share and analyze its knowledge interm of resources, documents and People skills.

Knowledge Management Strategy: Knowledge Management Strategy is often classified by the nature of knowledge itself (i.e. Tacit and Explicit). Therefore, it is a specific interpretation of what knowledge is and how it can be managed.

KM Codification Strategy: The proper management of explicit knowledge is also known as "KM Codification Strategy" in this strategy. Knowledge is systematically codified using a people to document approach.

KM Personalization Strategy: The management of tacit knowledge is also known as "KM Personalization Strategy". In this strategy knowledge is closely tied to the person who developed it and is shared mainly through direct person to person contacts. They focus on dialogue between individuals, not knowledge object in a database.

In order to construct the data analysis of Knowledge Management and Knowledge Management Strategy, the **Likert Scale** items are listed below, and each is measured on 1 to 5 point scale: *1 = highly disagree, 2 = disagree, 3 = neither agree nor disagree (neutral), 4 = agree and 5 = highly agree*. Please indicate your agreement with each item by placing the appropriate number in the rating volume column.

S.No.	Statement	1	2	3	4	5
1.	Our people interact to share idea.					
2.	We are free to provide suggestions in business issues.					
3.	Our Bank has acquires knowledge from different sources					
4.	We have culture of sharing knowledge among the employees					
5.	Our Bank acquires knowledge to add value in the service.					
6.	Our Bank manages to keep up-to-date with technological developments that could affect our business.					
7.	New ideas are welcome in this organization.					
8.	We have difficulties to innovate new products.					

A. CODIFICATION STRATEGY/EXPLICIT

S.No.	Statement	1	2	3	4	5
1.	We use computer as the major mode of knowledge transfer.					
2.	In our Bank, knowledge (know-how, technical skill or problem solving method) is well codified.					
3.	In our Bank, knowledge can be acquired through formal document and manuals.					
4.	We have many chances to reuse operating information frequently.					
5.	In our Bank, knowledge is shared in codified forms like manuals or documents.					
6.	We maintain the database for useful information, that is easy to access					
7.	In our Bank, results of projects and meetings are documented.					
8.	We periodically circulate documents (eg. Reports, news letters, etc.) about our Business to its stakeholders.					
9.	We have intranet facilities to communicate information					

B. PERSONALIZATION STRATEGY/TACIT

S.No.	Statement	1	2	3	4	5
1.	In our bank, there is easy to access knowledge for everyone.					
2.	Our company has a culture encouraging interactions among employees.					
3.	In our bank, informal dialogues and meetings are used for knowledge sharing.					
4.	A considerable portion of our training programs involves interactions among employees.					
5.	Our operating knowledge is highly linked with persons requirements					
6.	In our bank, knowledge can be easily acquired from experts and co-workers.					
7.	Employees are encouraged to attend training, seminar and conferences					
8.	Our organization encourages learning by doing.					
9.	Our organization associates the performance through performance appraisal					

PART IV : HUMAN RESOURCE STRATEGY

For the purpose of this survey, respondents are requested to use the following definitions:

HR Strategy: HR strategy is a set of process and activities that jointly shared by human resource managers and line managers to solve people related business issues.

Leadership Skills: Leadership, critical management skills, is the ability to motivate a group of people toward a common goal and promoting stability in an ever-changing environment.

Interpersonal and Communication skills: Interpersonal and Communication skills are defined as ability to work well with people and involve your acceptance of others. It consists of a set of skills, knowledge about communication, self evaluation, self disclosure and descriptiveness and support.

Professional and Vocational Skills: Professional and Vocational Skills is defined as ability to share the knowledge perfectly embodied in organizational routines from one organization unit to another, as well as improve their capabilities assimilating new technology and method.

In order to construct the data analysis of Human Resource Strategy, the **Likert Scale** items are listed below, and each is measured on 1 to 5 point scale: *1 = highly disagree, 2 = disagree, 3 = neither agree nor disagree (neutral), 4 = agree and 5 = highly agree*. Please indicate your agreement with each item by placing the appropriate number in the rating volume column.

S.No.	Statement	1	2	3	4	5
1.	In our bank employees knowledge and skills are developed constantly and kept up to date by means of training					
2.	Knowledge and skills are constantly developed by coaching and talent development program					
3.	Knowledge and learning competence are part of every employees competence profile.					
4.	In our bank, we must recruit, hire and train individuals that posses a multitude of managerial skills.					
5.	In our bank, we must recruit skills, hire and train individual that have specific skills.					
6.	Our bank has policy to retain employees that have a breath of knowledge and skills.					
7.	Lack of knowledge and skills often leads to frustration.					
8.	Lack of knowledge and skills often leads to disenfranchisement and resignation of employees.					

A. LEADERSHIP SKILLS

S.No.	Statement	1	2	3	4	5
1.	Top management is committed to enlarging learning ability and creating a working environment in our bank.					
2.	Managers are continually focused on developing and mobilizing employees' Knowledge and regularly give constructive feedback about attempted improvement, development and learning actions.					
3.	Managers use simple oral and written languages are action oriented and facilitate the process "learning by doing".					
4.	Our senior leaders/managers communicate the vision and empower us to act on vision.					
5.	Employees are continually stimulated and encouraged to identify problems of the organization.					
6	Explored problems are solved through brainstorming and generate creative idea and share it.					
7.	Our leaders/managers have the ability to encourage employee in very effective manner.					
8.	Our leaders/managers are very effective at problem solving.					
9.	Our leaders/managers are flexible about making changes in our Bank					
10.	When problems arise in our Bank, our leaders immediately address them.					

B. INTERPERSONAL AND COMMUNICATION SKILLS

S.No.	Statement	1	2	3	4	5
1.	In Our Bank, employees interact with consumers, peers and management on daily basis.					
2.	Effective interpersonal communication skills are essential to social connectivity					
3.	I use my emotional energy to motivate others.					
4.	I enjoy discussing organizational norms, values and ethics.					
5.	Poor communication skills can cause irrevocable damage to relationships.					
6.	Inter personal communication skills of mangers promotes employee attachment to the organization.					
7.	Our Bank responds to staff needs positively fostering a non-discriminatory work environment.					
8.	People learn from each other's mistakes and errors are openly discussed.					

C. PROFESSIONAL AND VOCATIONAL SKILLS

S.No.	Statement	1	2	3	4	5
1.	Our bank has high degree of expertise experience and education to do something and perform a specialized task.					
2.	Our bank has policy to improve employee capabilities to respond quickly to change, innovate and assimilating new technology.					
3.	Our bank has live policy to produce and optimize skills as a collective entity.					
4.	Our banks employees are fairly engaged and contribute optimum.					
5.	Our bank employees are involve to accomplish their job in right time in very effective manner.					
6.	Individuals having wider skills, expertise and work responsibilities should give greater autonomy and self regulation for accomplishment of assigned work.					
7.	Employees have the skills to adequately categorize, use and maintain knowledge					
8.	Employees know where particular knowledge can be found in the organization and it is transparent to everyone who knows what.					
9.	Knowledge is constantly being implemented and incorporated into new products, services and process.					

PART V : ORGANIZATIONAL PERFORMANCE

In order to construct the data analysis of Organizational performance, the **Likert Scale** items are listed below, and each is measured on 1 to 5 point scale: *1 = highly disagree, 2 = disagree, 3 = neither agree nor disagree (neutral), 4 = agree and 5 = highly agree.* Please, indicate your agreement with each item by placing the appropriate number in the rating volume column.

A. JOB SATISFACTION

S.No.	Statement	1	2	3	4	5
1.	I am very satisfied with this job.					
2.	I frequently think of switching this job.					
3.	I am searching for new job.					
4.	I am generally satisfied with the kind of work I do in this job.					
5.	Most people doing this job are very satisfied with the job.					
6.	People doing this job often think of quitting.					

B. COMMITMENT

S.No.	Statement	1	2	3	4	5
1.	If someone criticize my bank, I feel it is as my own.					
2.	I will spend my whole life in this bank.					
3.	I am not ready to spend my whole life in this bank.					
4.	I never disclose institutional secrecy to others.					
5.	I continue to give full effort until and unless stay in my bank.					
6.	I see my desirable future in this job.					

C. INDIVIDUAL COMPETENCE

S.No.	Statement	1	2	3	4	5
1.	I am able to understand the vision of this bank.					
2.	I feel fully empowered in my job.					
3.	I am able to encourage employees in a very effective manner.					
4.	I am able to perform specialized tasks.					
5.	I am able to respond quickly to changing environment.					
6.	I am able to respond and assimilate new technology and method.					

D. MARKET AND FINANCIAL PERFORMANCE

S.No.	Statement	1	2	3	4	5
1.	Our bank has gained market share relative to our competitors.					
2.	Our Sales growth compares favourably with that of our competitors.					
3.	Compared with the industry average, our company is more profitable.					
4.	Our return on sales is highly satisfactory.					
5.	Our staff turnover rate is low.					
6.	Market share is increasing in the last three years.					
7.	Our return on investment is satisfactory.					
8.	We feel that employees are more productive in this bank.					
9.	We are able to compete successfully in the market.					
10.	We are able to innovate product satisfactorily as per the need of the market and consumers.					

APPENDIX - III

PROFILE OF SAMPLE PUBLIC, PRIVATE, AND JOINT-VENTURE BANKS SELECTED FOR THE STUDY

List of Selected Sample Banks

S.No.	Commercial Bank	Established Date	Head Office
1.	Nepal Bank Ltd.	1937-11-15	Kathmandu
2.	Rastriya Banijya Bank	1966-01-23	Kathmandu
3.	Nepal Investment Bank Ltd.	1987-01-30	Kathmandu
4.	Himalayan Bank Ltd.	1993-01-18	Kathmandu
5.	Everest Bank Ltd.	1994-10-18	Kathmandu
6.	Bank of Kathmandu	1995-03-12	Kathmandu
7.	NABIL Bank	1984-07-16	Kathmandu
8.	Nepal Credit and Commerce Bank Ltd.	1996-10-14	Siddharthanagar
9.	Standard Chartered Bank Ltd.	1987-01-30	Kathmandu
10.	Nepal SBI Bank Ltd.	1993-07-07	Kathmandu
11.	Nepal Bangladesh Bank Ltd.	1993-06-05	Kathmandu
12.	Machhapuchhre Bank Ltd.	2000-10-03	Kathmandu
13.	Kumari Bank Ltd.	2001-10-03	Kathmandu
14.	Siddhartha Bank	2002-12-24	Kathmandu
15.	Agriculture Development Bank Ltd.	2005-07-14	Kathmandu
16.	Lumbini Bank Ltd.	1998-07-17	Narayangadh
17.	Nepal Industrial and Commercial Bank Ltd.	1998-07-21	Biratnagar
18.	Laxmi Bank Ltd.	2002-04-03	Birgunj
19.	Global Bank Ltd.	2007-01-02	Birgunj
20.	Development Credit Bank Ltd.	2001-01-23	Kathmandu
21.	NMB Bank Ltd.	1996-11-26	Kathmandu

NEPAL BANK LIMITED (NBL)

Nepal Bank Limited, the first bank of Nepal was established on November 15, 1937 A.D. This marked the beginning of an era of formal banking in Nepal. Until then, all monetary tractions were carried out by private dealers and trading center. It was formed under the principle of Joint venture (Joint venture between Government and general public). From the very conception and its creation, Nepal Bank Ltd, was as joint venture between the government and the private sector. There were only 10 shareholders when the bank first started.

NBL enjoys an impeccable reputation of a leading financial institution in the country. With 116 branches across the country and with over 3,000 staffs, NBL is in the position to serve its customers through a large domestic network. It is trusted across its network for its standard of governance and corporate responsibilities. NBL takes a long-term view of the consequences of its actions to ensure that the bank builds a sustainable business through social inclusion and good governance.

RASTRIYA BANIJYA BANK (RBB)

Rastriya Banijya Bank (RBB) is the fully government owned, and is the largest Commercial Bank in Nepal which was established on January 23, 1966 (2022 Magh 10). From the date of establishment, it has become a synonymous of stable and people's bank in Nepal. It is one of the pioneer banks in the country with the history of nearly a half century. Earlier constituted under RBB act 2021 with the full ownership of the government of Nepal, the Bank has been running under Bank and Financial Institute Act (BAFIA) and Company Act (CA) 2063 at present.

The Bank with 2600 hands has expanded its wings in the most part of the country through multiple distribution outlets of 141 branches, 8 branch less banking (BLB) and 50 ATMs. The bank stands with the highest public confidence, reflected in the highest deposit base and growing demand for branch establishment in the various parts, has stood as a pyramid in the financial arena of the country.

The Bank with as many as 1.7 millions satisfied /direct customers ranging from poor to elite ones and millions of indirect ones has drawn important imprint in the picture of country's economy through its significant involvement in the best use of its

resources to enhance the production, income and employment opportunities. The Bank is fully committed to contribute its best for the socio -economic development of the country and people in the days to come.

Under the RBB Act, RBB provides various banking services to a wide range of customers including banks, insurance companies, industrial trading houses, airlines, hotel and many other services.

NEPAL INVESTMENT BANK LTD. (NIBL)

Nepal Investment Bank Ltd. has become a prominent name in the Nepalese banking sector. Nepal Investment Bank Ltd. (NIBL), previously Nepal Indosuez Bank Ltd, was established in 1986 as a joint venture between Nepalese and French partners. The French partner (holding 50% of the capital of NIBL) was credit Agricore Indosuez, a subsidiary of one of the largest banking group in the world.

With the decision of Credit Agricore Indosuez to divest, a group of companies comprising of bankers, professionals, industrialists and businessman, had acquired on April 2002 the 50% shareholding of Credit Agricore Indosuez in Nepal Indosuez Bank Ltd. The name of the bank has been changed to Nepal Investment Bank Ltd. upon approval of Bank's Annual General Meeting.

HIMALAYAN BANK LIMITED (HBL)

Himalayan Bank was established in 1993 in joint venture with Habib Bank Limited of Pakistan. It has its registered office in Karmachari Sanchaya Kosh Building, Thamel, Kathmandu, Nepal. It has its back office at Kamaladi.

The bank is known for its innovative approaches to merchandising and customer service. It is the first bank to introduce services such as ATMs, Tele-banking and Premium Savings Account.

The bank was awarded "Best Presented Accounts (BPA) and Corporate Governance Disclosure Award 2008" by South Asian Federation of Accountants. Himalayan Bank Limited has been ranked as the Nepal's No.1 Bank twice by Banker's Almanac in 2003 and 2006.

EVEREST BANK LIMITED (EBL)

Since it registration on November 17, 1992 and founded in October 18, 1994, the bank has been one of the leading banks of the country and has been catering its services to various segments of the society since then. With clients from all walks of life, the bank has helped develop the nation corporately, agriculturally and industrially. So, one can say with all earnestly that EBL is truly a Nepalese bank. Punjab National Bank (PNB), the joint venture partner (holding 20 percent equity in the Bank) is the largest nationalized bank in India having a decade of banking history. EBL, thus, has the advantage of the banking expertise and financial strength of the joint venture partner.

EBL is a national level commercial bank promoted by highly prominent business personalities and reputed individuals of the country who have excelled in their field of profession with a very good integrity and social standings. For its excellence in banking services, it was awarded the "Best Bank Award 2011" amongst all banks in India by the leading corporate magazine, Business India. PNB has been providing the top management service to the EBL under a technical service agreement signed between the two institutions. PNB has a century old tradition of the successful banking and is known for its financial strength and well laid down modern banking system. It has also received ISO 9002 certificate for its 50 offices.

BANK OF KATHMANDU (BOK)

Bank Of Kathmandu Limited has become a prominent name in the Nepalese banking sector. It has become a landmark in the Nepalese banking sector by being among the few commercial banks which is entirely managed by Nepalese professionals and owned by the general public. BOK started its operation in March 1995 with the objective to stimulate the Nepalese economy and take itself to newer heights. It also aims to boost up the nation's economy and itself become more competitive globally. It has put in conscious efforts to glorify its corporate slogan, "We make your life easier". BOK was declared as Bank of the Year 2011.

BOK is fully committed to deliver quality service to the customers, generating good return to shareholders, providing attractive incentives to employees and serving the community through stronger corporate social responsibility endeavor. It is fully dedicated towards the full satisfaction of the customers through the wide range of services it provides. The branches were opened with the motive to provide banking facilities to people residing in these areas who have yet to experience Banking activities and its advantages.

Bank of Kathmandu Limited is a culmination of a comprehensive vision of the promoters to take the Nepalese economy to a newer realm in the global market. Bank of Kathmandu is committed to providing products and services of the highest standards to its customers by understanding their requirements best suiting the markets needs. Bank of Kathmandu's activities globe around deposit mobilization, advancement of various credits, international banking including trade financing inward and outward remittances and fund and portfolio management.

NABIL BANK

NABIL Bank Ltd, the first foreign joint venture bank of Nepal, started on 12th July, 1984 under the technical services agreement approved by Nepal Rastrya Bank, finding the potential market, Dubai Bank Ltd, Dubai in joint venture with Nepal gave birth to the first joint venture bank of Nepal. It has 49 points of representations all over the country. It has been serving the nation for the 29 years, securing the deposit of the common people and continually supporting in development of different sectors of the nation. Nabil was incorporated with the objective of extending international standard modern banking services to various sectors of the society. Nabil was incorporated with the objective of extending international standard modern banking services to various sectors of the society. Nabil, as a pioneer in introducing many innovative products and marketing concepts in the domestic banking sector, represents a across the nation and reputed correspondent banks across the globe. Moreover, Nabil has a good name in the market for its highly personalized services to the customers. Milestone in the banking history of Nepal as it started an era of modern banking with customer satisfaction measured as a focal objective while doing business.

In the latest reports, the bank has focused to improve its operational efficiency, upgrading the information capability. It has stressed that the bank would replace the old banking software with one of the new improved banking software. The bank has also made an agreement with money transfer in a view to get money transferred to Nepal from around the world in a fast and reliable way. Besides, the bank has planned to increase ATM services in various branches as well as upgrade the ATM service with new switching system so that the customers would be able to take their money out from any of the ATM outlets of the Bank.

NEPAL CREDIT AND COMMERCIAL BANK LIMITED

Nepal Credit and Commerce Bank Limited (NCC Bank) formally registered as Nepal - Bank of Ceylon Ltd. (NBOC), commenced its operation on 14th October, 1996 as a Joint Venture with Bank of Ceylon, Sri Lanka. It was the first private sector Bank with the largest authorized capital of NRS. 1,000million. The Head Office of the Bank is located on Siddhartha Nagar, Rupandehi, the birthplace of LORD BUDDHA, while its Corporate Office is placed at Bagbazar, Kathmandu.

The name of the Bank was changed to Nepal Credit and Commerce Bank Ltd., (NCC Bank) on 10th September, 2002, due to transfer of shares and management of the Bank from Bank of Ceylon, an undertaking of the Government of Sri Lanka to Nepalese Promoters.

At present, NCC Bank provides banking facilities and services to rural and urban areas of the country through its 22 branches. The bank has developed corresponding agency relationships with more than 150 International Banks having worldwide network

All the major branches of the bank has been connected through "Anywhere Branch Banking System" (ABBS), a facility that enables a customer to do banking transaction from any of these branches irrespective of their account in any other branches. Telex and SWIFT are other modes of communication for efficient and effective transmission of information. SWIFT is used for international trade and transfer of funds around the world.

In order to facilitate the customers with state of the art technology, the bank is providing Debit Card facilities under the SCT (Smart Choice Technology) Network jointly in a consortium with 40 other member Banks. This facility enables the customers to withdraw cash from any of the 167 ATM Terminals located at different parts of the country and to purchase goods from more than 743 shopping complexes and departmental stores under POS arrangement.

The bank is using Pumori plus IV is one of the most popular software for banking that is used across the country in many banks. Likewise, NCC Bank is also using the same software for its banking purposes.

Mentioning about the Global Connection of NCC Bank, it has strategic alliance with ICICI Bank, which facilitates the customers to remit their money to more than 670 locations of India through ICICI Bank branches and their correspondent Banks in India.

STANDARD CHARTERED BANK NEPAL LIMITED

Standard Chartered Bank Nepal Limited has been in operation in Nepal since 1987 when it was initially registered as a joint-venture operation. Today, the Bank is an integral part of Standard Chartered Group having an ownership of 75% in the company with 25% shares owned by the Nepalese public. The Bank enjoys the status of the largest international bank currently operating in Nepal.

Standard Chartered has a history of over 150 years in banking and operates in many of the world's fastest-growing markets with an extensive global network of over 1,750 branches (including subsidiaries, associates and joint ventures) in over 70 countries in the Asia Pacific Region, South Asia, the Middle East, Africa, the United Kingdom and the Americas. As one of the world's most international banks, Standard Chartered employs almost 75,000 people, representing over 115 nationalities, worldwide. This diversity lies at the heart of the Bank's values and supports the Bank's growth as the world increasingly becomes one market.

With 23 ATMs across the country and with more than 350 local staff, Standard Chartered Bank Nepal Ltd. is in a position to serve its customers through an extensive domestic network. In addition, the global network of Standard Chartered Group gives

the Bank a unique opportunity to provide truly international banking services in Nepal.

Standard Chartered Bank Nepal Limited offers a full range of banking products and services in Consumer banking, Wholesale and SME Banking catering to a wide range of customers encompassing individuals, mid-market local corporates, multinationals, large public sector companies, government corporations, airlines, hotels as well as the DO segment comprising of embassies, aid agencies, NGOs and INGOs.

The Bank has been the pioneer in introducing 'customer focused' products and services in the country and aspires to continue to be a leader in introducing new products in delivering superior services. It is the first Bank in Nepal that has implemented the Anti-Money Laundering policy and applied the 'Know Your Customer' procedure on all the customer accounts.

Corporate Social Responsibility is an integral part of Standard Chartered's ambition to become the world's best international bank and is the mainstay of the Bank's values. The Bank believes in delivering shareholder value in a socially, ethically an environmentally responsible manner. Standard Chartered throughout its long history has played an active role in supporting those communities in which its customers and staff live. It concentrates on projects that assist children, particularly in the areas of health and education. Environmental projects are also occasionally considered. It supports non-governmental organisations involving charitable community activities

NEPAL SBI BANK LIMITED

Nepal SBI Bank Ltd. is a subsidiary of State Bank of India which has 55 percent of ownership and rest is held by a local partner viz. Employee Provident Fund (15%) and general public (30%). In terms of the Technical Services Agreement between SBI and the NSBL, the former provides management support to the bank through its expatriate officers including Managing Director who is also the CEO of the Bank. Central Management Committee (CENMAC) consisting of the Managing Director, Chief Operating Officer, Chief Financial Officer and Chief Credit Officer oversee the overall banking operations in the Bank. The Bank was established in July 1993 and is now having 538 Nepalese employees working in 56 branches, 6 extension counters, 3 Regional Offices and the Corporate Office.

State Bank of India (SBl), with a 200 year history, is the largest commercial bank in India in terms of assets, deposits, profits, branches, customers and employees. The Government of India is the single largest shareholder of this Fortune 500 entity with 61.58% ownership. SBl is ranked 60th in the list of Top 1,000 Banks in the world by "The Banker" in July 2012.

The SBI group, consists of SBl and five associate banks. The group has an extensive network, with over 20000 plus branches in India and another 173 offices in 34 countries across the world. As of 31st March 2012, the group had assets worth USD 359 billion, deposits of USD 278 billion and capital & reserves in excess of USD 20.88 billion. The group commands over 22% share of the domestic Indian banking market.

SBl's non- banking subsidiaries / Joint ventures are market leaders in their respective areas and provide wide ranging services, which include life insurance, merchant banking, mutual funds, credit cards, factoring services, security trading and primary dealership, making the SBl Group a truly large financial supermarket and India's financial icon. SBI has arrangements with over 1500 various international / local banks to exchange financial messages through SWIFT in all business centers of the world to facilitate trade related banking business, reinforced by dedicated and highly skilled teams of professionals.

NEPAL BANGLADESH BANK LIMITED

Nepal Bangladesh Bank Ltd was established in the year 1994 with IFIC Bank Ltd of Bangladesh with the goal to become "The Bank for Everyone". Over the years bank has been successful to increase the paid up capital to Rs 2 Billion. Its Head Office is situated at New Baneshwor, Bijuli Bazar, Kathmandu.

The prime objective of this bank is to render hospitality to the valued customer. With a network of 23 branches and a corporate office, bank has been providing the extensive services to the valued customer. To facilitate the valued customer bank had successfully install 28 ATMs and holiday banking for their convenience. Bank has

launched service like eBanking, Mobile Banking, e-topup service, Branchless Banking and other eProducts.

The bank has earned the glory of making available the services for almost all the top business houses. Top exporter and importers of the country have established banking relationship with the bank with a substantial volume of foreign business which has enhanced the bank's popularity in the international trade font.

With the continuous support of our valued customers the bank has made all round progress in every sphere of its operation. This is the first bank to launch the special deposit product for women introducing "Grihini Bachat Khata".

MACHHAPUCHRE BANK LIMITED

Machhapuchchhre Bank Limited registered in 1998 as the first regional commercial bank from the western region of Nepal started its banking operations from its own head office located in the foothills of Machhapuchchhre Mountain peak in the picturesque town of Pokhara since year 2000.

The Bank facilitates its customer needs by delivering the best of services in combination with the latest state of the art technologies and prudent international practices. The Bank is the pioneer in introducing the latest technology in the banking industry in the country. It was the first bank to introduce centralized banking software, GLOBUS BANKING SYSTEM of Temenos NV, Switzerland. The bank provides modern banking facilities such as Any Branch Banking, Internet Banking, Mobile (SMS) Banking, Safe Deposit Locker facilities, Utility Bill payment (Telephone and Mobile), ATM (VISA Debit Cards and Debit card associated with SCT Network) to its valued customers. Besides these, the Bank is providing 365 Days banking and Evening Counter services to the customers through many of its offices.

The Bank had been promoted by individuals and companies with local roots but from different walks of life with a vision and dedication to provide the best financial products and services in the most efficient and professional manner.

At present, Machhapuchchhre Bank provides banking facilities and services to rural

and urban areas of the country through its 54 branches offices, one extension counter and 64 ATMS spread all across the country.

KUMARI BANK LIMITED (KBL)

Kumari Bank came into existence as the fifteenth commercial bank of Nepal by starting its banking operations from Chaitra 21, 2057 B.S (April 03, 2001) with an objective of providing competitive and modern banking services in the Nepalese financial market. The bank has paid up capital of Rs. 1,603,800,000 of which 70% is contributed from promoters and remaining from public.

Kumari Bank has been providing wide - range of modern banking services through 30 points of representations located in various urban and semi urban part of the country, 28 branches outside and inside the valley; and 2 extension counters. The bank is pioneer in providing some of the latest / lucrative banking services like e-banking and SMS Banking services in Nepal. The bank always focus on building sound technology driven internal system to cater the changing needs of the customers that enhance high comfort and value. The adoption of modern Globus Software, developed by Temenos NV, Switzerland and arrangement of centralized data base system enables customer to make highly secured transactions in any branch regardless of having account with particular branch. Similarly the bank has been providing 365 days banking facilities, extended banking hours till 7 PM in the evening, Utility Bill Payment Services, Inward and Outward Remittance services, Online remit Services and various other banking services.

Visa Electron Debit Card, which is accessible in entire VISA linked ATMs (including 37 own ATMs) and POS (Point of Sale) terminals both in Nepal and India, has also added convenience to the customers. The bank has been able to get recognition as an innovative and fast growing institution striving to enhance customer value and satisfaction by backing transparent business practice, professional management, corporate governance and total quality management as the organizational mission.

The key focus of the bank is always center on serving unfulfilled needs of all classes of customers located in various parts of the country by offering modern and

competitive banking products and services in their door step. The bank always prioritizes the priorities of the valued customers.

SIDDHARTHA BANK (SBL)

Siddhartha Bank Limited established in 2002 and promoted by prominent personalities of Nepal, today stands as one of the consistently growing banks in Nepal. While the promoters come from a wide range of sectors, they possess immense business acumen and share their valuable experiences towards the betterment of the Bank.

Within a short span of time, Siddhartha Bank has been able come up with a wide range of products and services that best suits its clientele. Siddhartha Bank has been posting growth in its portfolio size and profitability consistently since the beginning of its operations. The management of the Bank has been thoroughly professional.

Siddhartha Bank has been able to gain significant trust of the customers and all other stakeholders to become one of the most promising commercial banks in the country in less than 10 years of its operation. The Bank is fully committed towards customer satisfaction. The range and scope of modern banking products and services the Bank has been providing is an example to its commitment towards customer satisfaction. It is this commitment that has helped the Bank register quantum growth every year. And the Bank is confident and hopeful that it will be able to retain this trust and move even further towards its mission of becoming one of the leading banks of the industry.

AGRICULTURE DEVELOPMENT BANK LIMITED

With the main objective of providing institutional credit for enhancing the production and productivity of the agricultural sector in the country, the Agricultural Development Bank, Nepal was established in 1968 under the ADBN Act 1967, as successor to the cooperative Bank. The Land Reform Savings Corporation was merged with ADBN in 1973. Subsequent amendments to the Act empowered the bank to extend credit to small farmers under group liability and expand the scope of financing to promote cottage industries. The amendments also permitted the bank to engage in commercial banking activities for the mobilization of domestic resources.

Agricultural Development Bank Limited (ADBL) is an autonomous organization largely owned by Government of Nepal. The bank has been working as a premier rural credit institution since the last three decades, contributing a more than 67 percent of institutional credit supply in the country. Hence, rural finance is the principal operational area of ADBL. Besides, it has also been executing Small Farmer Development Program (SFDP), the major poverty alleviation program launched in the country. Furthermore, the bank has also been involved in commercial banking operations since 1984.

The enactment of Bank and Financial Institution Ordinance (BAFIO) in February 2004 abolished all Acts related to financial institutions including the ADBN Act, 1967. In line with the BAFIO, ADBL has been incorporated as a public limited company on July 14, 2005. Thus, ADBL operates as a "A" category financial Institution under the legal framework of BAFIO and the Company Act, 2053.

LUMBINI BANK LTD.

Lumbini Bank Limited is offering a wide range of banking solutions and services meticulously customized to the needs of the customers. Established in July, 1998, this is the first regional commercial bank in Nepal, which started its operation from Narayangarh spreading its wings to further fourteen more places at Hetauda, Butwal, Durbarmarg, Biratnagar, Parsa Bazaar, Indrachowk, Baneshwor, Bardhghat, Parasi, Suryabinayak, Gwarko, Damauli, Mangal Bazaar and Lanku of Chitwan District.

Bank is highly committed to assure of the standard and excellence in the services it offers. Backed by state-of-the-art technology and experienced professionals adept in modern banking management, Bank strive to make banking simple, fast and customer friendly. Just the way you like it.

Bank has restructured various products, as a part of an ongoing process, to cater to the retail segment. The newly structured products in retail segment cover Personal Loan, Home Loan, Auto Loan, Mortgage Loan, Educational Loan, Time Loan, and Loan against Shares. Bank has finalized an e-commerce strategy and developing the necessary internet banking modules.

NEPAL INDUSTRIAL AND COMMERCIAL BANK LTD.

Nepal Industrial & Commercial Bank Limited (NIC Bank) commenced its operation on 21 July 1998 from Biratnagar. The Bank was promoted by some of the prominent business houses of the country. The current shareholding pattern of the Bank constitutes of promoters holding 51% of the shares while 49% is held by the general public. NIC Bank has over 34,000 shareholders.

The Bank has grown rapidly with 36 branches throughout the country while several branches are planned to be opened. All branches are inter-connected through optical fiber as well as V-Sat and are capable of providing real time on-line transactions.

NIC Bank was the first commercial bank in Nepal to have received ISO 9001:2000 certification for its Quality Management System standard in the year 2006. The Bank has recently been certified under the upgraded ISO 9001:2008 standards for the Bank's Quality System on Commercial Banking Activities for the first time in Nepal. Furthermore, NIC Bank became the 1st Bank in Nepal to be provided a line of credit by International Finance Corporation (IFC), an arm of World Bank Group under its Global Trade Finance Program, enabling the Bank's Letter of Credit and Guarantee to be accepted/ confirmed by more than 200 banks worldwide.

Bank has also been awarded the "Bank of the Year 2007-Nepal" by the world-renowned financial publication of The Financial Times, U.K.-The Banker. This is the fruit of the Bank's outstanding performance backed by belief and support of its customers towards the Bank. It is run by professionals and believes in the highest standards of corporate governance.

LAXMI BANK LTD.

Laxmi Bank was incorporated in April 2002 as the 16th commercial bank in Nepal. In 2004 Laxmi Bank merged with HISEF Finance Limited, a first generation financial company which was the first and ever merger in the Nepali corporate history. Laxmi Bank is a Category 'A' Financial Institution and re-registered in 2006 under the "Banks and Financial Institutions Act" of Nepal. The Bank's shares are listed and actively traded in the Nepal Stock Exchange (NEPSE).

Laxmi Bank is a technologically driven progressive Bank with strong risk and corporate governance foundations. Bank has the best asset quality among all financial institutions in the country and it's technology has been rated "Highly Secure" by an independent internationally accredited information system auditors.

GLOBAL BANK LTD

Global IME Bank Ltd. emerged after successful merger of Global Bank Ltd (an "A" class commercial bank), IME Financial Institution (a "C" class finance company) and Lord Buddha Finance Ltd. (a "C" class finance company) in year 2012. Two more Development Banks (Social Development Bank and Gulmi Bikas Bank) merged with Global IME Bank Ltd in year 2013.

Global Bank Limited (GBL) was established in January, 2007 as an 'A' class commercial bank in Nepal which provides entire commercial banking services. The bank was established with the largest capital base at the time with a paid-up capital of NPR 1.0 billion. The paid up capital of the bank has since been increased to NPR 2.42 billion. The bank's shares are publicly traded as an 'A' category company in the Nepal Stock Exchange.

The promoters have established the bank in Birgunj, the commercial hub of the nation. It is in line with the aim of the bank to be "The Bank for All" by giving necessary impetus to the economy through world class banking service.

For the day to day operations, the bank has been using the world renowned FINACLE software that provides real time access to customer database across all branches and

DEVELOPMENT CREDIT BANK LTD.

Grand Bank Nepal Limited formerly identified as DCBL Bank Limited came into operation on 23rd January, 2001 as development bank backed by the expertise of the professional bankers, prominent industrialists, entrepreneurs, bureaucrats and career diplomats.

The Bank has been providing diversified services to its clientele by offering its products in the form of Loans, Guarantees and Venture Capital etc. The bank has

started its operation in the capacity of 'A' class commercial bank since May 2008. At present, it has total 21 branches including the Head Office at Kamaladi.

The idea behind renaming is to purge the puzzlement in people's mind, giving them the clear view about us being the 'A' class Commercial Bank, as it was observed that our clients were still in confusion, about us being Commercial Bank.

The policy of the Bank is to create a relationship with the customer based on shared vision and mutual understanding for mutual benefit. It focuses in providing qualitative and diversified banking services backed by efficient personal approach at desired level.

NMB BANK LTD.

NMB Bank Limited licensed as "A" class financial institution by Nepal Rastra Bank in May 2008 has been operating in Nepalese Financial market for over fifteen years and is one of the leading commercial banks in the banking industry. Since its inception, the Bank has been continuously endeavoring to win the trust of its customer which has resulted to ever increasing customer base and more importantly attained customer's delight through its different products and services.

The vision of the bank is to establish ourselves as a leader in banking by providing a range of financial services suitable to the needs of the market with high priority on customer care while simultaneously embracing the interests of all stakeholders and value of a good corporate citizen. The mission of the bank is to gain supremacy in growth, profit, customer care and social response in banking. It is also running NMB capital Ltd. as a subsidiary company.

APPENDIX - IV

CORRELATIONS

		SBS	SCL	SDS	SKMS	SKMCS	SKMPS	SHRS	SHRLS	SHRIC	SHRPVS
SBS	Pearson Correlation	1	.510**	.604**	.545**	.486**	.546**	.547**	.533**	.512**	.565**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000	.000
	N	301	301	301	301	301	301	301	301	301	301
SCL	Pearson Correlation	.510**	1	.548**	.528**	.139**	.153**	.475**	.231**	.492**	.234**
	Sig. (2-tailed)	.000		.000	.000	.637	.613	.000	.031	.000	.651
	N	301	301	301	301	301	301	301	301	301	301
SDS	Pearson Correlation	.604**	.548**	1	.675**	.213**	.651**	.628**	.656**	.518**	.415**
	Sig. (2-tailed)	.000	.000		.000	.583	.000	.000	.000	.000	.016
	N	301	301	301	301	301	301	301	301	301	301
SKMS	Pearson Correlation	.545**	.528**	.675**	1	.512**	.719**	.639**	.710**	.651**	.675**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000	.000	.000
	N	301	301	301	301	301	301	301	301	301	301
SKMCS	Pearson Correlation	.486**	.139**	.213**	.512**	1	.461**	.425**	.132**	.487**	.521**
	Sig. (2-tailed)	.000	.637	.583	.000		.000	.000	.715	.000	.000
	N	301	301	301	301	301	301	301	301	301	301
SKMPS	Pearson Correlation	.546**	.153**	.651**	.719**	.461**	1	.765**	.734**	.614**	.697**
	Sig. (2-tailed)	.000	.613	.000	.000	.000		.000	.000	.000	.000
	N	301	301	301	301	301	301	301	301	301	301
SHRS	Pearson Correlation	.547**	.475**	.628**	.639**	.425**	.765**	1	.756**	.579**	.675**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		.000	.000	.000
	N	301	301	301	301	301	301	301	301	301	301
SHRLS	Pearson Correlation	.533**	.231**	.656**	.710**	.132**	.734**	.756**	1	.632**	.750**
	Sig. (2-tailed)	.000	.031	.000	.000	.715	.000	.000		.000	.000
	N	301	301	301	301	301	301	301	301	301	301
SHRIC	Pearson Correlation	.512**	.492**	.518**	.651**	.487**	.614**	.579**	.632**	1	.627**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000		.000
	N	301	301	301	301	301	301	301	301	301	301
SHRPVS	Pearson Correlation	.565**	.234**	.415**	.675**	.521**	.697**	.675**	.750**	.627**	1
	Sig. (2-tailed)	.000	.651	.016	.000	.000	.000	.000	.000	.000	
	N	301	301	301	301	301	301	301	301	301	301

**. Correlation is significant at the 0.01 level (2-tailed).

APPENDIX - V

DW TEST

1.   Organizational Performance

$d = 2 (1 - \hat{\rho})$

$1.778 = 2 (1 - \hat{\rho})$

$\frac{1.778}{2} = (1 - \hat{\rho})$

$\hat{\rho} = 1 - 0.889$

$= 0.11 < 0.5$

The Correlation between u_t and $u_t - 1 = 0.11$ which is less than 0.5. Therefore there is no auto correlation exist in this model.

2.   Job Satisfaction

$d = 2 (1 - \hat{\rho})$

$1.853 = 2 (1 - \hat{\rho})$

$\frac{1.853}{2} = (1 - \hat{\rho})$

$\hat{\rho} = 1 - 0.926$

$= 0.073 < 0.5$

Therefore, there is no autocorrelation exist in this model.

3.   Commitment

$d = 2 (1 - \hat{\rho})$

$1.610 = 2 (1 - \hat{\rho})$

$\frac{1.610}{2} = (1 - \hat{\rho})$

$\hat{\rho} = 1 - 0.805$

$= 0.195 < 0.5$

Therefore, there is no autocorrelation exist in this model.

4. **Individual Competence**

$$d = 2(1 - \hat{\rho})$$

$$1.619 = 2(1 - \hat{\rho})$$

$$\frac{1.619}{2} = (1 - \hat{\rho})$$

$$\hat{\rho} = 1 - 0.809$$

$$= 0.199 < 0.5$$

Therefore, there is no autocorrelation exist in this model.

5. **Market and Financial Performance**

$$d = 2(1 - \hat{\rho})$$

$$1.630 = 2(1 - \hat{\rho})$$

$$\frac{1.630}{2} = (1 - \hat{\rho})$$

$$\hat{\rho} = 1 - 0.815$$

$$= 0.185 < 0.5$$

Therefore, there is no autocorrelation exist in this model.

REGRESSION OUTPUT

JOB SATISFACTION

Variables Entered/Removed[b]				
Model		Variables Entered	Variables Removed	Method
dimension 0	1	THRS, Total Business Strategy, TKMS[a]	.	Enter
a. All requested variables entered.				
b. Dependent Variable: Total Job Satisfaction				

Model Summary[b]						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
dimension0	1	.601[a]	.361	.355	2.71137	1.853
a. Predictors: (Constant), THRS, Total Business Strategy, TKMS						
b. Dependent Variable: Total Job Satisfaction						

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1236.005	3	412.002	56.043	.000[a]
	Residual	2183.411	297	7.352		
	Total	3419.415	300			
a. Predictors: (Constant), THRS, Total Business Strategy, TKMS						
b. Dependent Variable: Total Job Satisfaction						

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.225	1.375		.891	.374		
	Total Business Strategy	.051	.026	.138	1.946	.053	.430	2.326
	TKMS	.095	.029	.306	3.274	.001	.201	4.893
	THRS	.040	.018	.203	2.222	.027	.258	3.883
a. Dependent Variable: Total Job Satisfaction								

Collinearity Diagnostics[a]

Model		Dimension			Eigenvalue	Condition Index	Variance Proportions			
							(Constant)	Total Business Strategy	TKMS	THRS
dimension 0	1	dimension 1	1		3.978	1.000	.00	.00	.00	.00
			2		.014	16.735	.55	.00	.03	.15
			3		.004	29.933	.41	.96	.02	.18
			4		.003	35.717	.04	.04	.96	.67
a. Dependent Variable: Total Job Satisfaction										

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	11.5957	20.4770	16.8638	2.02978	301
Residual	-9.21952	8.75172	.00000	2.69778	301
Std. Predicted Value	-2.595	1.780	.000	1.000	301
Std. Residual	-3.400	3.228	.000	.995	301
a. Dependent Variable: Total Job Satisfaction					

EMPLOYEE COMMITMENT

<table>
<tr><td colspan="5" align="center">Variables Entered/Removed[b]</td></tr>
<tr><td colspan="2">Model</td><td align="center">Variables Entered</td><td align="center">Variables Removed</td><td align="center">Method</td></tr>
<tr><td>dimension0</td><td>1</td><td>THRS, Total Business Strategy, TKMS[a]</td><td align="right">.</td><td>Enter</td></tr>
<tr><td colspan="5">a. All requested variables entered.</td></tr>
<tr><td colspan="5">b. Dependent Variable: Toal Commitment</td></tr>
</table>

<table>
<tr><td colspan="7" align="center">Model Summary[b]</td></tr>
<tr><td colspan="3">Model</td><td align="center"></td><td align="center">Adjusted R</td><td align="center">Std. Error of</td><td align="center">Durbin-</td></tr>
<tr><td colspan="3"></td><td align="center">R</td><td align="center">R Square</td><td align="center">Square</td><td align="center">the Estimate</td><td align="center">Watson</td></tr>
<tr><td colspan="2" align="right">dimension0</td><td>1</td><td>.571[a]</td><td>.326</td><td>.319</td><td>2.34026</td><td>1.610</td></tr>
<tr><td colspan="7">a. Predictors: (Constant), THRS, Total Business Strategy, TKMS</td></tr>
<tr><td colspan="7">b. Dependent Variable: Toal Commitment</td></tr>
</table>

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
dimension0 1	.571[a]	.326	.319	2.34026	1.610

a. Predictors: (Constant), THRS, Total Business Strategy, TKMS
b. Dependent Variable: Toal Commitment

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	785.124	3	261.708	47.785	.000[a]
	Residual	1626.617	297	5.477		
	Total	2411.741	300			

a. Predictors: (Constant), THRS, Total Business Strategy, TKMS
b. Dependent Variable: Toal Commitment

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.579	1.187		2.173	.031		
	Total Business Strategy	.100	.022	.325	4.472	.000	.430	2.326
	TKMS	.015	.025	.057	.597	.551	.246	4.066
	THRS	.039	.015	.236	2.517	.012	.258	3.883

a. Dependent Variable: Toal Commitment

<table>
<tr><th colspan="9" style="text-align:center">Collinearity Diagnostics[a]</th></tr>
<tr><td>Model</td><td colspan="2">Dimension</td><td></td><td></td><td></td><td colspan="3" style="text-align:center">Variance Proportions</td></tr>
<tr><td></td><td></td><td></td><td>Eigenvalue</td><td>Condition Index</td><td>(Constant)</td><td>Total Business Strategy</td><td>TKMS</td><td>THRS</td></tr>
<tr><td rowspan="4">dimension 0</td><td rowspan="4">1</td><td>1</td><td>3.978</td><td>1.000</td><td>.00</td><td>.00</td><td>.00</td><td>.00</td></tr>
<tr><td>2</td><td>.014</td><td>16.735</td><td>.55</td><td>.00</td><td>.03</td><td>.15</td></tr>
<tr><td>3</td><td>.004</td><td>29.933</td><td>.41</td><td>.96</td><td>.02</td><td>.18</td></tr>
<tr><td>4</td><td>.003</td><td>35.717</td><td>.04</td><td>.04</td><td>.96</td><td>.67</td></tr>
<tr><td colspan="9">a. Dependent Variable: Toal Commitment</td></tr>
</table>

<table>
<tr><th colspan="6" style="text-align:center">Residuals Statistics[a]</th></tr>
<tr><td></td><td>Minimum</td><td>Maximum</td><td>Mean</td><td>Std. Deviation</td><td>N</td></tr>
<tr><td>Predicted Value</td><td>10.6020</td><td>19.2713</td><td>15.6777</td><td>1.61774</td><td>301</td></tr>
<tr><td>Residual</td><td>-6.60200</td><td>5.27551</td><td>.00000</td><td>2.32853</td><td>301</td></tr>
<tr><td>Std. Predicted Value</td><td>-3.138</td><td>2.221</td><td>.000</td><td>1.000</td><td>301</td></tr>
<tr><td>Std. Residual</td><td>-2.821</td><td>2.254</td><td>.000</td><td>.995</td><td>301</td></tr>
<tr><td colspan="6">a. Dependent Variable: Toal Commitment</td></tr>
</table>

INDIVIDUAL COMPETENCE

<table>
<tr><th colspan="5" style="text-align:center">Variables Entered/Removed[b]</th></tr>
<tr><td colspan="2">Model</td><td>Variables Entered</td><td>Variables Removed</td><td>Method</td></tr>
<tr><td>dimension0</td><td>1</td><td>THRS, Total Business Strategy, TKMS[a]</td><td>.</td><td>Enter</td></tr>
<tr><td colspan="5">a. All requested variables entered.</td></tr>
<tr><td colspan="5">b. Dependent Variable: Total Individual Competence</td></tr>
</table>

<table>
<tr><th colspan="8" style="text-align:center">Model Summary[b]</th></tr>
<tr><td colspan="3">Model</td><td>R</td><td>R Square</td><td>Adjusted R Square</td><td>Std. Error of the Estimate</td><td>Durbin-Watson</td></tr>
<tr><td>dimension0</td><td></td><td>1</td><td>.653[a]</td><td>.427</td><td>.421</td><td>2.67455</td><td>1.619</td></tr>
<tr><td colspan="8">a. Predictors: (Constant), THRS, Total Business Strategy, TKMS</td></tr>
<tr><td colspan="8">b. Dependent Variable: Total Individual Competence</td></tr>
</table>

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1581.580	3	527.193	73.700	.000[a]
	Residual	2124.507	297	7.153		
	Total	3706.086	300			
a. Predictors: (Constant), THRS, Total Business Strategy, TKMS						
b. Dependent Variable: Total Individual Competence						

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	5.766	1.356		4.251	.000		
	Total Business Strategy	.089	.026	.232	3.461	.001	.430	2.326
	TKMS	.020	.029	.061	.690	.491	.246	4.066
	THRS	.084	.018	.411	4.747	.000	.258	3.883
a. Dependent Variable: Total Individual Competence								

Collinearity Diagnostics[a]									
Model		Dimension				Variance Proportions			
				Eigenvalue	Condition Index	(Constant)	Total Business Strategy	TKMS	THRS
dimension 0	1	dimension 1	1	3.978	1.000	.00	.00	.00	.00
			2	.014	16.735	.55	.00	.03	.15
			3	.004	29.933	.41	.96	.02	.18
			4	.003	35.717	.04	.04	.96	.67
a. Dependent Variable: Total Individual Competence									

Residuals Statistics[a]					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	15.5017	27.9537	23.0797	2.29607	301
Residual	-13.48706	7.30101	.00000	2.66114	301
Std. Predicted Value	-3.300	2.123	.000	1.000	301
Std. Residual	-5.043	2.730	.000	.995	301
a. Dependent Variable: Total Individual Competence					

MARKET AND FINANCIAL PERFORMANCE

Variables Entered/Removed[b]			
Model	Variables Entered	Variables Removed	Method
dimension0 1	THRS, Total Business Strategy, TKMS[a]	.	Enter
a. All requested variables entered.			
b. Dependent Variable: Total Market and Financial Performance			

Model Summary[b]						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
dimension0 1		.672[a]	.452	.446	3.90701	1.630
a. Predictors: (Constant), THRS, Total Business Strategy, TKMS						
b. Dependent Variable: Total Market and Financial Performance						

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3734.095	3	1244.698	81.541	.000[a]
	Residual	4533.626	297	15.265		
	Total	8267.721	300			
a. Predictors: (Constant), THRS, Total Business Strategy, TKMS						
b. Dependent Variable: Total Market and Financial Performance						

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	7.628	1.981		3.850	.000		
	Total Business Strategy	.151	.037	.265	4.046	.000	.430	2.326
	TKMS	.039	.042	.080	.920	.358	.246	4.066
	THRS	.116	.026	.383	4.519	.000	.258	3.883
a. Dependent Variable: Total Market and Financial Performance								

Collinearity Diagnostics[a]								
Model		Dimension		Eigenvalue	Condition Index	Variance Proportions			
						(Constant)	Total Business Strategy	TKMS	THRS
dimension 0	1	dimension 1	1	3.978	1.000	.00	.00	.00	.00
			2	.014	16.735	.55	.00	.03	.15
			3	.004	29.933	.41	.96	.02	.18
			4	.003	35.717	.04	.04	.96	.67
a. Dependent Variable: Total Market and Financial Performance									

Residuals Statistics[a]					
	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	23.3636	42.1771	34.7674	3.52803	301
Residual	-15.69937	11.37663	.00000	3.88743	301
Std. Predicted Value	-3.232	2.100	.000	1.000	301
Std. Residual	-4.018	2.912	.000	.995	301
a. Dependent Variable: Total Market and Financial Performance					

ORGANIZATIONAL PERFORMANCE

Variables Entered/Removed[b]			
Model	Variables Entered	Variables Removed	Method
dimension 0 1	THRS, Total Business Strategy, TKMS[a]	.	Enter
a. All requested variables entered.			
b. Dependent Variable: TOP			

Model Summary[b]						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
dimension0 1		.759[a]	.576	.573	6.45972	1.778
a. Predictors: (Constant), THRS, Total Business Strategy, TKMS						
b. Dependent Variable: TOP						

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20779.597	3	6926.532	165.992	.000[a]
	Residual	12393.214	297	41.728		
	Total	33172.811	300			
a. Predictors: (Constant), THRS, Total Business Strategy, TKMS						
b. Dependent Variable: TOP						

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	15.171	3.276		4.632	.000		
	Total Business Strategy	.373	.062	.326	6.022	.000	.430	2.326
	TKMS	.133	.069	.138	1.923	.055	.246	4.066
	THRS	.242	.043	.397	5.676	.000	.258	3.883
a. Dependent Variable: TOP								

Collinearity Diagnostics[a]

Model		Dimension			Eigenvalue	Condition Index	Variance Proportions			
							(Constant)	Total Business Strategy	TKMS	THRS
dimension 0	1	dimensio n1	1		3.978	1.000	.00	.00	.00	.00
			2		.014	16.735	.55	.00	.03	.15
			3		.004	29.933	.41	.96	.02	.18
			4		.003	35.717	.04	.04	.96	.67
a. Dependent Variable: TOP										

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	54.3307	97.5888	80.2525	8.32258	301
Residual	-27.13947	17.30408	.00000	6.42734	301
Std. Predicted Value	-3.115	2.083	.000	1.000	301
Std. Residual	-4.201	2.679	.000	.995	301
a. Dependent Variable: TOP					

Collinearity Diagnostics[a]

Model		Dimension			Eigenvalue	Condition Index	Variance Proportions			
							(Constant)	Total Business Strategy	TKMS	THRS
dimension 0	1	dimension 1	1		3.978	1.000	.00	.00	.00	.00
			2		.014	16.735	.55	.00	.03	.15
			3		.004	29.933	.41	.96	.02	.18
			4		.003	35.717	.04	.04	.96	.67
a. Dependent Variable: Total Job Satisfaction										

VIF OUTPUT

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.225	1.375		.891	.374		
	Total Business Strategy	.051	.026	.138	1.946	.053	.430	2.326
	TKMS	.095	.029	.306	3.274	.001	.201	4.893
	THRS	.040	.018	.203	2.222	.027	.258	3.883
a. Dependent Variable: Total Job Satisfaction								

Collinearity Diagnostics[a]

Model		Dimension		Eigenvalue	Condition Index	Variance Proportions			
						(Constant)	Total Business Strategy	TKMS	THRS
dimension 0	1	dimension 1	1	3.978	1.000	.00	.00	.00	.00
			2	.014	16.735	.55	.00	.03	.15
			3	.004	29.933	.41	.96	.02	.18
			4	.003	35.717	.04	.04	.96	.67
a. Dependent Variable: Total Job Satisfaction									

Commitment

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	2.579	1.187		2.173	.031		
	Total Business Strategy	.100	.022	.325	4.472	.000	.430	2.326
	TKMS	.015	.025	.057	.597	.551	.246	4.066
	THRS	.039	.015	.236	2.517	.012	.258	3.883
a. Dependent Variable: Toal Commitment								

<table>
<tr><th colspan="10" align="center">Collinearity Diagnostics^a</th></tr>
</table>

Model			Dimension			Eigenvalue	Condition Index	Variance Proportions			
								(Constant)	Total Business Strategy	TKMS	THRS
dimension 0	1		dimension 1	1		3.978	1.000	.00	.00	.00	.00
				2		.014	16.735	.55	.00	.03	.15
				3		.004	29.933	.41	.96	.02	.18
				4		.003	35.717	.04	.04	.96	.67

a. Dependent Variable: Toal Commitment

Individual Competency

<table>
<tr><th colspan="8" align="center">Coefficients^a</th></tr>
</table>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	2.579	1.187		2.173	.031		
Total Business Strategy	.100	.022	.325	4.472	.000	.430	2.326
TKMS	.015	.025	.057	.597	.551	.246	4.066
THRS	.039	.015	.236	2.517	.012	.258	3.883

a. Dependent Variable: Toal Commitment

<table>
<tr><th colspan="10" align="center">Collinearity Diagnostics^a</th></tr>
</table>

Model			Dimension			Eigenvalue	Condition Index	Variance Proportions			
								(Constant)	Total Business Strategy	TKMS	THRS
dimension 0	1		dimension 1	1		3.978	1.000	.00	.00	.00	.00
				2		.014	16.735	.55	.00	.03	.15
				3		.004	29.933	.41	.96	.02	.18
				4		.003	35.717	.04	.04	.96	.67

a. Dependent Variable: Toal Commitment

Market and Financial Performance:

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	7.628	1.981		3.850	.000		
	Total Business Strategy	.151	.037	.265	4.046	.000	.430	2.326
	TKMS	.039	.042	.080	.920	.358	.246	4.066
	THRS	.116	.026	.383	4.519	.000	.258	3.883
a. Dependent Variable: Total Market and Financial Performance								

Collinearity Diagnostics[a]									
Model		Dimension				Variance Proportions			
				Eigenvalue	Condition Index	(Constant)	Total Business Strategy	TKMS	THRS
dimension 0	1	dimension 1	1	3.978	1.000	.00	.00	.00	.00
			2	.014	16.735	.55	.00	.03	.15
			3	.004	29.933	.41	.96	.02	.18
			4	.003	35.717	.04	.04	.96	.67
a. Dependent Variable: Total Market and Financial Performance									