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## THE EFFECT OF KNOWLEDGE MANAGEMENT AND EMPLOYEE PLACEMENT ON EFFECTIVE DECISION MAKING IN PUBLIC SECTOR ORGANIZATIONS

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### ABSTRACT

The purpose of this paper is to provide an empirical assessment of the effect of knowledge management and employee placement on effective decision making with a view to identifying the further work that needs to be done to better understand decision making especially in the public sector organization. The paper captured the views of Nigerian students' community in University Utara Malaysia and University Putra Malaysia, the responses are quantitatively analyzed using regression analysis. Two out of the three hypotheses are proven as alternative hypotheses indicating a significant relationship and the third hypothesis was in significant.

**KEYWORDS:** Knowledge Management, Employee Placement and Effective Decision Making

### 1. INTRODUCTION

Management of organizations today whether public or private as Kirkpatrick and Locke (1991) argue, depends on its decision making and ability to employ various approaches that are important for organizational performance and accomplishment of goals which also is dependent upon their ability to manage knowledge and information. Indeed, the only irreplaceable capital an organization possesses is the knowledge and ability of its people. The productivity of that capital depends on how effectively people share their competence with those who can use it.

#### 1.1 Problem Formulation

Effective decisions involve the ability to resolve conflicting interests and ably reach consensus (Halliwell & William, 1992; SWANA & NADO, 2001). Hubera, et al (2009) pointed out that public organizations need to depend on an array of knowledge resource to effectively decide and efficiently tackle the growing demand of the public. Effective Data collection procedure for public decisions and improved accountability and transparency are, in the words of Lindsay and Andreas (2006) very good implications for policy making thereby ensuring government responsiveness and citizenship commitment to public decisions.

The difference in terms of quality decisions and efficiency that exists between the public and private sectors will keep widening (Accenture, 2004; Boyne, 2002; OECD, 2003, William & Harris, 2004) unless the former (public sector) begin to see and utilize KM as an inevitable tool that could reduce such difference in terms of value addition and effective service delivery, organizations will continue to struggle with leadership/ management skills gaps and such gap is even in higher percentage in at least one critical skill category or another. Developing and implementing strategies to close gaps by assigning employees to organizations where their skills are best utilized become issues of top priority (Eddie, 2006). Lack of proper job placement of workers affects their productive ability and overall organizational decisions, this is perhaps supported by the Holland's theory of job placement, it is clearly elaborated that people look for work environments that suit their personality, values and skills, and are more likely to be successful and satisfied with their work in an environment that matches their personality (Holland, 1994).

### **1.2 Problem Statement:**

The Effect of Knowledge Management and Employee Placement on Effective Decision Making in Public Sector Organizations

### **1.3 The Research objectives:**

- i) To examine the relationship between knowledge management and effective decision Making
- ii) To analyze the impact of knowledge management on effective decision making
- iii) To examine the relationship between employee placement and decision making

### **1.4 The Research Hypotheses:**

- i) There may be significant relationship between knowledge management and effective decision making
- ii) Knowledge management may have an impact on effective decision making
- iii) That employee placement may have significant relationship with decision making

### **1.5 Methodology**

A survey was conducted to collect data for the analysis. A total of 120 questionnaires were distributed to Nigerian students in University Utara Malaysia and University Putra Malaysia most of who are all public servants (lecturing in various universities polytechnics and colleges of education). Out of the 97 questionnaires returned, 82 were valid, yielding a useful response rate of 79.5 percent. The gender balance was not in any way near as virtually 89% of the input we got was from male respondents. All the items were measured using a seven point Likert scale, ranging from "strongly agree" (1) to "strongly disagree" (7). The reliability

of the constructs was evaluated with Cronbach's alpha which is a measurement of internal consistency.

## **2. Dependent and independent Variables**

As far as this research is concerned three variables are selected, one as dependent variable and two as independent variables. The dependent variable is the effective decision making, and the independent variables are the knowledge management and employee placement.

### **2.1 Sub Dependent variable**

The sub dependent variables are those factors that the researchers used to judge and measure whether the decisions are effective or not if they are not well tackled then, the effectiveness of decisions is going to be questioned. These sub dependent variables are:

- i) Leadership skills
- ii) Team management
- iii) Strategy tools
- iv) Time management
- v) Organization culture
- vi) Stress management
- vii) Communication skills
- viii) Ecological factors
- ix) Public pressure
- x) Public policy
- xi) Risk taking
- xii) Ability to work under pressure

### **2.2 Sub independent variables for knowledge management**

These are factors that are in other words called the indicators of knowledge management, their functional presence in an organization explains the vibrancy of knowledge management system, simply put, there is every possibility that effective decisions will emerge from the organization. These factors or indices include:

- i) System quality
- ii) Service quality
- iii) Management support
- iv) Rewards policy
- v) Peers trustworthiness
- vi) Knowledge discovery
- vii) Knowledge sharing

- viii) Knowledge utilization
- ix) Knowledge transfer
- x) Knowledge innovation
- xi) Computer literacy

### **2.3 Sub independent variables for employee placement**

These are factors that are in other words called the determinants of proper employee placement in an organization; their functional presence in an organization explains whether employees are properly assigned to their respective offices. These factors or indices include:

- i) Organizational commitment
- ii) Improved performance
- iii) Willingness to stay
- iv) Job satisfaction
- v) Initiatives
- vi) Active participation in organization activities
- vii) Less industrial conflict
- viii) Loyalty
- ix) Steadfastness
- x) Career development

#### **1. Reliability Test**

The reliability tests for all the factors above for the three variables both dependent and independent variables were run separately and the result is shown below:

Tables 1, 2 and 3 below show the reliability tests results for factors of the effective decision making, knowledge management and employee placement. Thirty items were designed to capture the inputs of respondents. The first ten items of the instrument tackles decision making, the second ten deals with the knowledge management and the last ten treats the employee placement.

**Table 1: Effective Decision Making Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
q1	50.37	47.373	.305	.376	.848
q2	49.84	47.167	.444	.451	.831
q3	49.89	46.942	.495	.438	.827
q4	49.87	46.786	.484	.452	.828
q5	49.97	44.291	.561	.445	.821
q6	49.99	45.073	.555	.538	.821
q7	49.98	45.635	.561	.578	.821
q8	50.02	41.980	.688	.562	.807
q9	49.86	42.398	.699	.622	.806
q10	49.82	44.708	.559	.575	.821

As indicated in table 1 above, items q1-q10 were set to measure the Dependent variable and all have their Cronbach's alpha above .8 which indicate high level of internal consistency hence very reliable.

Table 2: Knowledge Management  
**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
q11	49.91	44.105	.516	.380	.845
q12	49.99	43.265	.537	.426	.843
q13	50.07	42.684	.518	.417	.845
q14	49.97	41.814	.653	.538	.833
q15	49.98	41.741	.622	.520	.836
q16	50.21	41.439	.529	.354	.846
q17	50.13	41.792	.614	.455	.837
q18	50.03	43.158	.587	.413	.839
q19	50.11	43.923	.515	.363	.845
q20	49.99	43.655	.523	.390	.844

Table 2 above shows that the items q11-q20 that are designed to measure Knowledge management are also very consistent and reliable as all their values of Cronbach's alpha are above .8

Table 3: Employee Placement

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
q21	49.98	42.086	.536	.472	.852
q22	50.05	39.944	.655	.560	.842
q23	49.97	41.264	.671	.517	.842
q24	50.15	40.301	.548	.498	.852
q25	50.05	41.997	.620	.525	.846
q26	50.07	41.148	.575	.589	.849
q27	50.07	42.565	.422	.241	.863
q28	50.11	41.207	.659	.557	.843
q29	50.05	42.487	.475	.498	.857
q30	50.13	39.916	.625	.450	.845

Table 3 above shows that the items q21-q30 that are designed to measure Employee placement are also very consistent and reliable as all their values of Cronbach's alpha are above .8 To be able to test the hypotheses and asses whether or not they are accepted as alternative hypotheses or rejected as null, the research employed a regression analysis where correlation of variables is determined and the  $R^2$  and adjusted  $R^2$  explain the relationship. The tables below represent the regression analysis.

Table 4: Model Summary

Model	R	R Square	Adjstd R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.818 <sup>a</sup>	.668	.644	.55505	.668	27.223	2	27	.000

The table 4 above explains the strength of the model, the rate at which the predictor variables influence changes in the dependent variable. As indicated in the table, Adjusted R square has a 64.4% explanatory power of the change in DV. In other words, the predictor variables have 64% ability to influence change in the response variable. Again it has been observed that the adjusted R square is 64.4% means that there are some important variables that may have effect on the DV (Effective decision making) which have not been taken care of hence leaves an area for future research by adding or even using different sets of variables.

Table 5. ANOVA<sup>b</sup>

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	16.774	2	8.387	27.223	.000 <sup>a</sup>
	Residual	8.318	27	.308		
	Total	25.092	29			



Table 5 above depicts that all the models put together are significant and against the percentage error. But as cautioned, we cannot conclude that all the variables are significant without referring to the t value which shows the individual level of significance of the variables, this is shown in the next table.

Table 6: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.	95% Confidence Interval for B	
	B	Std. Error	Beta			Lower Bound	Upper Bound
l(Constant)	1.331	.649		2.050	.050	-.001	2.663
KM=	1.069	.228	1.000	4.693	.000	.602	1.536
EP=	-.230	.220	-.223	-1.047	.305	-.680	.221

Table 6 above explains the individual significance level of the variables. As indicated in the t value column, KM appears very significant at .000 with a positive t-value of 4.693 while employee placement has a negative t value result of -1.047 and .305 significant value indicating non significance at 5% (.050) level.

### 3. Discussion of Findings

It could be deduced from what is obtained in the results that two out of the three hypotheses were proven as alternative hypotheses having a significant relationship between them and the DV and the third one is not significant. Simply put, H1 that there is significant relationship between knowledge management and effective decision making in public sector organization is accepted as alternative hypothesis. This is perhaps in line with Laurence and Meier, (2011); McKenzie et al., (2010) and Hendzic, (2008). In the same vein, United nation (2001) pointed out that there is a synergy in the progression along continuum, from data to information, to knowledge and skills and finally to effective decisions. The synergy is in fact an inherent one in the sense that the trend cannot be reversed or even broken. The fact that world is now becoming smaller owing to the forces of globalization, virtually everything is moving further into the intelligence age and knowledge management. As observed by Sun – kwan -kim (2004), is a vital concern for managers and organizations and a key competitive weapon to effective decision making. There is an evident inter play between Knowledge management and decision making particularly concerning cognitive processes and organizational practices in organization (Claire, 2005).

Secondly H2 that Knowledge management has an impact on effective decision making is also accepted as alternative hypothesis. This is indicated in the significant association that is very

high. This also agrees with Knowledge management researchers like Nicolas (2004) who substantially argues that knowledge is categorized into tacit and explicit and each category influences decision making processes in all phase and in different intensity. Similarly, it has been established that managers are with knowledge management availed with different approaches upon which decisions are based, hence influences the quality of decisions (Hatami et al., 2003; Inigo & Itziar, 2003) Hendizt (2007) opinionated that knowledge management has a very big impact on effectiveness of decisions because it supports decision makers in a predictive judgment task. Many decisions require a logical analysis of the available knowledge which in turn complements other steps in decision making (Anna et al., 2011; Shelly et al., 2011; Zita, 2001). Also, Hendizt (2007) argued that organizations that tend to utilize less knowledge make significantly larger decision errors.

H3, that employee placement may have effect on effective decision making, is proven to have had an effect that is not significant. Eddie (2006) believes some and not all organizations struggle with leadership management skills gaps and such a gap is even in higher percentage in at least one skill category or another. Developing and implementing strategies to close those gaps by mere assigning employees to organizations where their skills are best utilized (placement) may not be the answer they seek.

#### **4. Implications**

Organizational performance generally and effective decision in particular cannot be guaranteed without a proper identification of knowledge management systems which does not only influence but also impact decision making effectiveness as un raveled in this research the association is vey evidence and correlation highly significant. The public sector should take it up as a challenge to bridge the gap that exists between Public and private sector organizations in terms of quality performance and decision making. Even though employee placement is not very significant to effective decision making as disclosed in this research, it shouldn't be relegated to the lowest ebb may be if tied up with another factor or variable it could be effective.

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