



**DEBRE MARKOS UNIVERSITY**

**COLLEGE OF BUSINESS AND ECONOMICS**

**DEPARTMENT OF MANAGEMENT**

**Effect of knowledge Management Practice on Organizational  
performance: In case of Abyssinia Bank Bahir Dar District**

**A Thesis Submitted to Department of Management, College of Business  
and Economic, Debre Markos University in Partial Fulfillment of  
Master of Business Administration (MBA)**

**By**

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**May, 2025**

**Debre Markos, Ethiopia**

## **Declaration**

I, Serkalem Marye, hereby declare that this thesis titled "*Effect of knowledge Management Practice on Organizational performance: In case of Abyssinia Bank Bahir Dar District*" is my original work. It has not been submitted for any degree or diploma in any other university or institution. All sources of materials used in this study have been duly acknowledged.

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## STATEMENT OF CERTIFICATION

This is to certify that the thesis entitled “*Effect of knowledge Management Practice on Organizational performance: In case of Abyssinia Bank Bahir Dar District*” is an authentic work carried out by Serkalem Marye under my supervision. The work has been submitted in partial fulfillment of the requirements for the degree of Master of Business Administration (MBA) at Debre Markos University.

I hereby certify that the thesis has met the required academic standards and is worthy of submission for examination.

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## **Acknowledgements**

First and foremost, I would like to thank Almighty God for His infinite grace, wisdom, and strength, which have guided me throughout this journey. Without His blessings, this work would not have been possible.

I am deeply grateful to my advisor, Yirega T. (Asst. Prof.), for his unwavering support, insightful guidance, and continuous encouragement throughout the course of my research. His expertise and thoughtful advice have been invaluable to the completion of this thesis.

I would also like to express my sincere thanks to the staff members of the Department of Management, College of Business and Economics, Debre Markos University, for providing me with the academic resources and a conducted environment for my research.

My special thanks go to Abyssinia Bank, Bahir Dar District, for their cooperation in providing the necessary data and facilitating this study. I am particularly grateful to the employees of the bank who took time from their busy schedules to participate in the research.

I am forever indebted to my family for their endless love, encouragement, and support throughout this academic journey. They have been my constant source of strength and motivation.

Lastly, I would like to thank my friends, colleagues, and fellow students for their moral support and camaraderie during the course of this research. Your kindness and help have made this journey enjoyable and memorable.

## Table of contents

Contents	Page
Acknowledgements.....	i
List of Table.....	v
List of Figure.....	vi
Abbreviations and Acronyms.....	vii
Abstract.....	viii
CHAPTER ONE.....	1
1. INTRODUCTION.....	1
1.1 Background of the Study.....	1
1.2 Statement of the Problem.....	4
1.3 Research Questions.....	6
1.4 Objectives of the Study.....	7
1.4.1. General Objective.....	7
1.4.2 Specific Objectives.....	7
1.5 Significance of the Study.....	7
1.6 Scope of the Study.....	7
1.7. Limitations of the Study.....	8
1.8 Organization of the Study.....	9
CHAPTER TWO.....	10
2. RELATED LITERATURE REVIEW.....	10
2.1 Definition of Knowledge Management (KM).....	10
2.2 Key Components of Knowledge Management.....	10
2.2.1 Knowledge Acquisition.....	11
2.2.2 Knowledge Sharing.....	11
2.2.3 Knowledge Retention.....	11
2.2.4 Knowledge Application Use.....	12
2.3 Types of Knowledge: Tacit vs. Explicit.....	12
2.4 The Role of Technology in Knowledge Management.....	13
2.5. Relationship between KM Practices and Organizational Performance.....	14
2.6. Knowledge Management in the Banking Sector.....	15
2.7. Barriers and Challenges to Effective Knowledge Management.....	16
2.8. Empirical Literature Review.....	17
2.9. Identification Literature Review and Research Gaps.....	19

2.10. Conceptual Framework.....	20
CHAPTER THREE.....	22
3. RESEARCH METHODOLOGY.....	22
3.1 Descriptive Study Area.....	22
3.2 Research Approach and Design.....	22
3.2.1. Research Approach.....	22
3.2.2 Research Design.....	23
3.3 Target Population, Sampling Technique, and Sample Size.....	23
3.4. Data Sources and Data Collection Instrument.....	23
3.4.1 Sources of Data.....	23
3.4.2 Data Collection Instruments.....	24
3.5. Measurement of Variables.....	24
3.5.1 Measurement of Dependent Variable.....	24
3.5.2 Measurement of Independent Variable.....	25
3.6. Data Validity and Reliability.....	25
3.7. Data Analysis Methods.....	26
3.8. Ethical Considerations.....	28
CHAPTER FOUR.....	29
4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION.....	29
4.1. Introduction.....	29
4.2 Demographic Characteristics of Respondents.....	29
4.3. Effect of knowledge Management Practice on Organizational Performance.....	30
4.3.1 Knowledge Management Practices.....	30
4.3.2. Knowledge Sharing.....	31
4.3.3. Knowledge Retention.....	33
4.3.4 Knowledge Application.....	36
4.3.5. Measurements Organizational Performance.....	38
4.4. Inferential Statistical Analysis.....	40
4.4.1. Correlation Analysis.....	40
4.4.2. Assumption of Multiple Regression Test.....	42
4.4.3. Multiple Linear Regression Analysis.....	45
4.5. Discussion Findings of Result Quantitative with Qualitative.....	47
CHAPTER FIVE.....	49
5. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS.....	49

5.1 Summary.....	49
5.2 Conclusions.....	50
References.....	52
Appendix.....	57
Appendix A.....	57
Appendix B.....	60

## List of Table

<b>Table</b>	<b>Page</b>
Table 4. 1: Demographic Characteristics of Respondents.....	29
Table 4. 2: Knowledge Acquisition.....	30
Table 4. 3: Knowledge Sharing.....	31
Table 4. 4: Knowledge Retention.....	33
Table 4. 5: Knowledge Application.....	36
Table 4. 6: Measurements Organizational Performance.....	38
Table 4. 7: Pearson Correlation Matrix.....	41
Table 4. 8: Multicollinearity.....	43
Table 4. 9: Homoscedasticity Test Results (Breusch-Pagan and White's Tests).....	44
Table 4. 10: Model Summary.....	45
Table 4. 11: ANOVA.....	45
Table 4. 12: Regression coefficient analysis of model.....	46

## List of Figure

Figure	Page
Figure 4. 1: Linearity Test.....	42
Figure 4. 2: Normality Test.....	43

## **Abbreviations and Acronyms**

**AoB:** Abyssinia of Bank

**BDG:** Bahir Dar City Administration

**BDS:** Bahir Dar District

**CBE:** Commercial Bank of Ethiopia

**CRM:** Customer Relationship Management

**FSD:** Financial Services Division

**GDP:** Gross Domestic Product

**HR:** Human Resources

**ICT:** Information and Communication Technology

**IT:** Information Technology

**KM:** Knowledge Management

**KMS:** Knowledge Management System

**KPIs:** Key Performance Indicators

**NGO:** Non-Governmental Organization

**R&D:** Research and Development

**ROA:** Return on Assets

**SMEs:** Small and Medium Enterprises

## ***Abstract***

*Knowledge management (KM) plays an important role in improving the performance of organizations, especially in the banking sector. This study aimed to explore how different KM practices affect the performance of the Abyssinia Bank, Bahir Dar District. The research used a mixed-methods approach, combining both quantitative and qualitative data. A total of 105 employees were surveyed using questionnaires, and 97 valid responses were collected. Interviews were also conducted with key staff, including the branch manager, HR officer, and KM staff, to gain deeper insights. The data collected were analyzed using descriptive statistics, correlation, and regression analysis. The findings showed that all KM practices knowledge acquisition, knowledge sharing, knowledge storage, and knowledge application were positively related to the bank's performance. The strongest relationships were found between knowledge sharing and performance ( $r = 0.67$ ), and between knowledge application and performance ( $r = 0.63$ ), both of which were statistically significant. The regression analysis revealed that knowledge sharing ( $\beta = 0.45$ ) and knowledge application ( $\beta = 0.38$ ) were the most important factors influencing performance. The overall model explained 62% of the variation in performance. Based on these findings, the study concludes that knowledge sharing and application are the most important KM practices for improving performance at the bank. It is recommended that the bank continue to promote a culture of knowledge sharing and strengthen systems that help apply knowledge in daily operations. Further research should explore KM practices across other branches to see if these findings apply more broadly.*

**Key words:** Knowledge Management, Knowledge Sharing, Knowledge Application, Organizational Performance.

# CHAPTER ONE

## 1. INTRODUCTION

### 1.1 Background of the Study

Knowledge Management (KM) has become a crucial factor in enhancing organizational performance and maintaining a competitive edge. KM refers to the systematic process of creating, acquiring, sharing, storing, and utilizing knowledge to achieve organizational goals and improve performance (Forghani & Tavasoli, 2020). In the context of the banking industry, effective KM practices allow organizations to streamline operations, improve decision-making, foster innovation, and maintain customer satisfaction. The value of knowledge is now widely recognized as a key asset for achieving sustainable growth, especially in highly competitive sectors like banking.

Across the African continent, the role of KM in improving organizational performance has gained increasing attention in recent years. While the concept of KM has been well-established in developed economies, its adoption and application in African countries are still in the early stages. However, with the rapid pace of economic growth and the growing importance of the banking sector, more African organizations, including banks, are beginning to understand the strategic value of KM (Torabi & Elden, 2020).

As highlighted by Sulaimon & Yusuff (2021), KM has a direct impact on enhancing the efficiency and competitiveness of businesses in Africa. In the banking sector, KM systems have been found to play a significant role in improving customer service, internal processes, and employee collaboration. Sulaimon & Yusuff (2021) argue that banks that prioritize KM are better equipped to respond to customer needs, manage risks, and stay competitive in an increasingly dynamic market. Similarly, Isheer et al. (2021) emphasize that the integration of KM in African banks can help organizations improve their decision-making capabilities, innovation, and customer satisfaction, which are essential for long-term success.

Despite the growing awareness of KM, its application remains inconsistent across African organizations. Tadesse & Tesfaye (2020) found that although many African banks have started to adopt KM practices, they often face challenges such as lack of infrastructure, inadequate training, and resistance to change. These barriers hinder the full realization of KM's potential in improving organizational performance.

Ethiopia, one of the fastest-growing economies in Africa, is experiencing significant changes in its banking sector. Over the past few decades, Ethiopia has seen the emergence of numerous private banks, which have increased competition and provided better financial

services to a larger portion of the population. These private banks, including Abyssinia Bank, Dashen Bank, and Wegagen Bank, have become key players in the Ethiopian economy. However, the successful operation of these institutions depends not only on their financial resources but also on how well they manage their knowledge assets.

KM practices in Ethiopian private banks are still in their nascent stages. Haimanot & Emnet (2020) emphasize that, although banks like Abyssinia Bank have begun to adopt KM systems, there is still a lack of comprehensive strategies for acquiring, storing, and sharing knowledge within the organization. Knowledge is largely dependent on individual employees, and when they leave, valuable expertise and insights are often lost. The absence of effective knowledge retention strategies can result in reduced efficiency, poor decision-making, and lower customer satisfaction, which can negatively impact a bank's competitive position.

A study by Fiseha (2021) on Ethiopian banks shows that knowledge management has a positive relationship with organizational performance, particularly in enhancing decision-making and operational efficiency. The research highlights that Ethiopian banks, especially in the private sector, are beginning to realize the potential benefits of KM in improving customer service, increasing market share, and streamlining internal processes. However, the study also points out that many Ethiopian banks are still grappling with the challenges of fully implementing KM practices due to resource constraints, lack of technical expertise, and insufficient investment in KM infrastructure.

In Ethiopia, Kebede & Tadesse (2020) argue that the integration of KM into Ethiopian banking institutions could play a pivotal role in improving the internal business processes, learning and growth, and financial perspectives of the Balanced Scorecard (BSC). The BSC framework has become an increasingly popular method of measuring organizational performance in Ethiopia, and KM practices align closely with the four perspectives of the BSC, which are crucial for achieving competitive advantage.

The role of KM in gaining competitive advantage in Ethiopian private banks is becoming more evident. As competition intensifies, especially with the increasing demand for better customer service, faster transactions, and innovative banking solutions, banks are turning to knowledge management systems to maintain an edge over their competitors. Khoualdi & Binibrahim (2021) argue that KM is essential for improving operational efficiency and service quality, which are critical for sustaining a competitive advantage in the banking sector. By improving knowledge acquisition, retention, sharing, and application, Ethiopian banks can create a more agile, responsive, and customer-oriented organization.

KM practices also enable banks to capitalize on their intellectual capital, which can be a key differentiator in a crowded market. For instance, knowledge sharing between departments and branches can help streamline operations, enhance decision-making, and foster innovation. Abuaddous & Sokkar (2020) emphasize that effective KM systems improve organizational flexibility, allowing banks to respond to market changes quickly and more effectively. This is particularly important in Ethiopia, where the banking industry is evolving rapidly, and staying ahead of the curve is essential for long-term success.

Furthermore, Torabi & Elden (2020) explain that adopting KM practices allows banks to leverage both tacit and explicit knowledge to create value and achieve their strategic objectives. Tacit knowledge, which is often embedded in employees' experiences and expertise, can be harnessed through informal knowledge-sharing processes, while explicit knowledge, which is codified and stored in databases or documents, can be easily disseminated across the organization. Both types of knowledge are crucial for enhancing organizational performance and gaining a competitive edge.

The banking sector in Ethiopia, like much of Africa, is undergoing significant transformation due to increasing competition, technological advancements, and shifting customer demands. These changes make it critical for banks to leverage knowledge management (KM) practices effectively to maintain a competitive edge and enhance organizational performance. Knowledge management provides a strategic framework for Ethiopian private banks to improve decision-making, foster innovation, and streamline operations (Abuaddous & Sokkar, 2020). The effective management of knowledge, including processes like knowledge acquisition, sharing, retention, and application, can directly contribute to a bank's ability to respond to market shifts, improve service delivery, and meet customer expectations (Torabi & Elden, 2020).

However, implementing KM effectively is not without its challenges. One major obstacle is the development of a KM-friendly culture, which is crucial for encouraging knowledge sharing and collaboration among employees. This involves creating an organizational environment that fosters openness, trust, and the free flow of information (Tadesse & Tesfaye, 2020). Without such a culture, employees may be reluctant to share knowledge, thus limiting the potential benefits of KM. In addition, the lack of adequate infrastructure such as technological systems for knowledge storage, retrieval, and dissemination can hinder the smooth functioning of KM practices (Isheer et al., 2021). Ethiopian banks, particularly in less-developed regions like Bahir Dar, often face significant resource constraints, which

makes it difficult to invest in the necessary systems and tools for effective KM (Haimanot & Emnet, 2020).

Furthermore, for KM practices to be successful, they need to be integrated across all levels of the organization, from top management to frontline employees. This integration ensures that knowledge flows seamlessly throughout the organization and is applied to improve decision-making and performance (Khoualdi & Binibrahim, 2021). However, Ethiopian banks, including Abyssinia Bank, often face difficulties in implementing KM practices across all departments, which can limit the effectiveness of KM initiatives.

This study aims to investigate the effect of KM practices on organizational performance within Abyssinia Bank in the Bahir Dar District. Specifically, it will explore how knowledge acquisition, sharing, retention, and application affect the bank's performance in terms of efficiency, customer satisfaction, and overall competitiveness. By examining these key components of KM, the study aims to offer valuable insights into how Ethiopian banks can improve their KM practices to boost performance and maintain a competitive advantage in an evolving banking landscape (Sulaimon & Yusuff, 2021). The findings of this research will contribute to the growing body of knowledge on KM in the African banking sector, offering practical recommendations for other banks in Ethiopia and beyond that are aiming to enhance their KM practices.

## **1.2 Statement of the Problem**

Knowledge management (KM) has become a critical factor in enhancing organizational performance, particularly in the context of banks and financial institutions. Organizations, particularly in the developing world, are increasingly recognizing that managing intellectual capital through systematic processes such as knowledge acquisition, sharing, retention, and application can significantly improve decision-making, customer satisfaction, and overall competitiveness (Adewumi & Okeke, 2020). However, despite its importance, many organizations, especially in sub-Saharan Africa, face challenges in leveraging KM practices effectively to achieve superior organizational outcomes. This is particularly true for financial institutions like Abyssinia Bank in Ethiopia, where barriers to effective KM implementation persist (Zewdie & Getachew, 2021).

In Ethiopia, the banking sector is a major player in the economy, contributing significantly to national development. Abyssinia Bank, a key financial institution in Bahir Dar District, is no exception. The bank has invested heavily in developing its infrastructure and services, with a focus on improving operational efficiency and enhancing customer satisfaction. However, despite these efforts, Abyssinia Bank has faced challenges in fully capitalizing on its

knowledge resources, which could be pivotal in gaining a competitive edge, fostering innovation, and improving its organizational performance (Tadele & Alemu, 2019).

One of the key barriers is the lack of a formalized KM strategy. Many employees at Abyssinia Bank, like in many other Ethiopian organizations, are engaged in ad-hoc knowledge-sharing activities rather than systematically exchanging knowledge that could contribute to the organization's growth and performance. As a result, critical information is often not shared in a timely manner, and knowledge acquisition processes are either inefficient or not aligned with the bank's strategic goals (Asrat & Mekonnen, 2022).

In recent years, the need for effective knowledge management in Ethiopia has grown as the country's economy has shifted toward more technology-driven sectors, such as banking and telecommunications. However, many Ethiopian institutions still struggle with implementing effective KM strategies. Knowledge acquisition in Abyssinia Bank, for instance, remains largely informal, with little emphasis on capturing external knowledge that could provide new insights into the rapidly evolving financial sector (Desta & Kebede, 2020). Additionally, the retention of knowledge especially tacit knowledge that is embedded in employee experience and expertise is often overlooked. As employees leave or retire, valuable knowledge is lost, which affects the overall continuity and effectiveness of the bank's operations (Gashaw & Endalkachew, 2023).

The impact of these knowledge management challenges on organizational performance is profound. While Abyssinia Bank has managed to grow its market share, it faces stiff competition from both traditional banks and emerging digital banking startups. The absence of a robust KM framework means that Abyssinia Bank may struggle to maintain a competitive advantage, as it fails to capitalize on the wealth of knowledge and expertise embedded within its workforce (Gebremedhin & Negash, 2022). Moreover, the lack of a formalized knowledge-sharing culture hinders collaboration and innovation, which could otherwise help the bank respond more effectively to changing customer needs and market demands.

Despite growing recognition of the importance of knowledge management, research on KM practices and their impact on organizational performance in the Ethiopian banking sector is still relatively limited. While some studies have focused on the role of KM in other sectors (Hussein & Ali, 2019; Kassa & Zeleke, 2021), there is a gap in understanding how specific KM practices such as knowledge acquisition, sharing, retention, and application affect the performance of banks in Ethiopia, particularly in less-studied Bahir Dar District. Research in this area is crucial for identifying the specific KM practices that can drive improvements in

organizational performance, particularly in a competitive banking landscape (Beyene and Tadesse, 2023).

The problem facing Abyssinia Bank is twofold. First, there is a lack of understanding of how the different components of knowledge management acquisition, sharing, retention, and application directly impact organizational performance metrics such as financial performance, customer satisfaction, and operational efficiency. Second, there is insufficient empirical research on the challenges and barriers specific to Ethiopian banks in implementing KM practices. While banks in other parts of the world have demonstrated the benefits of robust KM systems (Trevino *et al.*, 2021), it is unclear whether these practices are transferable to Ethiopian banks, which may face unique cultural, infrastructural, and economic constraints (Mekonnen and Fekadu, 2020).

Given the importance of knowledge management (KM) to organizational performance, particularly in the rapidly evolving banking sector, this study aimed to address these gaps by investigating how knowledge management practices at Abyssinia Bank specifically knowledge acquisition, sharing, retention, and application affected the bank's overall performance. The research explored the constraints to implementing KM practices and suggested strategies for overcoming these challenges, ultimately aiming to provide insights into how Abyssinia Bank could enhance its competitive advantage, customer satisfaction, and financial performance through better management of its knowledge resources.

### **1.3 Research Questions**

- What is the effect of knowledge acquisition on organizational performance of Abyssinia Bank?
- What is the effect of knowledge sharing on organizational performance at Abyssinia of Bank?
- What is knowledge retention on organizational performance Abyssinia of Bank?
- What is the knowledge application on organizational performance in Abyssinia of Bank?

## **1.4 Objectives of the Study**

### **1.4.1. General Objective**

The overall study is to examine the effect of knowledge management practices on organizational performance in Abyssinia Bank, Bahir Dar District.

### **1.4.2 Specific Objectives**

- To examine the effect of knowledge acquisition on organizational performance of Abyssinia Bank.
- To evaluate the effect of knowledge sharing on organizational performance at Abyssinia of Bank.
- To assess the effect of knowledge retention on organizational performance Abyssinia of Bank.
- To measure the effect of knowledge application on organizational performance in Abyssinia of Bank.

## **1.5 Significance of the Study**

This study is significant as it bridges the gap between global knowledge management (KM) research and its practical application in Ethiopian banks, with a focus on Abyssinia Bank in Bahir Dar District. Despite the growing global emphasis on KM, its impact on operational efficiency and competitiveness within Ethiopian financial institutions has been underexplored. By uncovering how KM practices influence performance, the study enhances academic understanding and offers strategic guidance for the banking sector. It also aids policymakers by identifying barriers to effective KM and suggesting solutions, contributing to improved transparency, financial inclusion, and institutional sustainability. Furthermore, the research provides practical recommendations for Abyssinia Bank and similar institutions to enhance knowledge sharing, retention, and application, ultimately improving customer service and financial performance. As Ethiopia's banking sector modernizes, insights from this study support banks in becoming more agile and customer-focused. The findings benefit not only financial institutions but also their employees, customers, and regulators, promoting a more knowledge-driven and efficient banking environment.

## **1.6 Scope of the Study**

This study focused on examining the impact of knowledge management (KM) practices on the organizational performance of Abyssinia Bank, specifically within the Bahir Dar District of Ethiopia. The scope of the research was designed to cover several key dimensions,

ensuring a comprehensive understanding of how KM influenced the bank's operational efficiency and overall success in a localized context.

The geographic scope of the study was limited to the Bahir Dar District, located in the Amhara Region of Ethiopia. By concentrating on this specific region, the study aimed to explore how local factors such as cultural dynamics, regional development, and banking practices affected the implementation and outcomes of KM practices at Abyssinia Bank. This geographic focus allowed for a more detailed and context-specific analysis of the impact of KM on organizational performance, reflecting the unique challenges and opportunities within the district.

The organizational scope of the study was limited to Abyssinia Bank, which enabled an in-depth exploration of the bank's KM practices and their effects on various performance metrics. By focusing on a single institution, the research provided valuable insights into the internal operations of the bank, detailing how specific KM strategies such as knowledge acquisition, sharing, retention, and application contributed to improved decision-making, innovation, and competitiveness. The study also examined how Abyssinia Bank used KM to address its operational challenges and achieve strategic objectives within Ethiopia's growing financial sector.

### **1.7. Limitations of the Study**

This study encountered several limitations that may have influenced the depth and generalizability of its findings. First, the research was geographically confined to the Bahir Dar District, which limited the ability to reflect the experiences and KM practices of Abyssinia Bank branches in other regions of Ethiopia. Additionally, the study focused solely on one financial institution, which restricted broader comparisons across the banking sector. Time and resource constraints also limited the data collection process, particularly in terms of conducting extensive interviews or longitudinal studies. Furthermore, some employees were hesitant to share detailed information due to confidentiality concerns, which may have affected the completeness and accuracy of the qualitative data. Despite these limitations, the study provided valuable insights into the role of KM in enhancing organizational performance within a specific context.

## **1.8 Organization of the Study**

This research report was structured into several chapters to provide a comprehensive analysis of the effect of knowledge management practices on the organizational performance of Abyssinia Bank in the Bahir Dar District. Chapter One introduced the study by outlining the background, problem statement, research questions, objectives, significance, scope, and definitions of key terms. Chapter Two reviewed the relevant literature and theoretical frameworks related to knowledge management and organizational performance. Chapter Three detailed the research methodology, including the research design, data collection methods, and analysis techniques. Chapter Four presented the results and discussion, analyzing the data collected and interpreting the findings in relation to the research questions and objectives. Finally, Chapter Five concluded the study by summarizing the key findings, drawing conclusions, offering recommendations for policy and practice, and suggesting areas for future research. This structure ensured a logical flow and comprehensive coverage of all aspects of the research.

## **CHAPTER TWO**

### **2. RELATED LITERATURE REVIEW**

#### **2.1 Definition of Knowledge Management (KM)**

Knowledge Management (KM) refers to the systematic process of creating, capturing, sharing, using, and managing knowledge and information within an organization to enhance its performance and achieve strategic objectives. It involves enabling employees, teams, and organizations to leverage collective knowledge for better decision-making, problem-solving, and innovation. KM is integral to improving efficiency, effectiveness, and competitiveness in modern organizations.

KM emerged in the early 1990s, gaining prominence as organizations recognized the value of knowledge as a critical asset for achieving competitive advantage (Davenport & Prusak, 1998). The core of KM is the conversion and management of both tacit and explicit knowledge. Tacit knowledge is personal, context-specific, and difficult to articulate, often residing in the minds of individuals, while explicit knowledge is formalized, codified, and easy to transfer across the organization. Nonaka and Takeuchi's (1995) SECI model, which emphasizes the interaction between tacit and explicit knowledge, remains one of the foundational frameworks in KM. They argue that organizations must continuously engage in the processes of socialization, externalization, combination, and internalization to effectively manage knowledge.

In the African and Ethiopian context, the concept of KM has evolved in tandem with the increasing recognition of its potential in driving business performance and development (Kouadio et al., 2022). Recent studies emphasize the need to integrate KM practices into organizational strategies, particularly in sectors like banking, where competition and efficiency are critical (Fiseha, 2019). KM can be seen as a central lever for organizational learning, innovation, and resilience in the face of external challenges (Nguyen et al., 2020).

#### **2.2 Key Components of Knowledge Management**

KM practices are typically categorized into four key components: knowledge acquisition, knowledge sharing, knowledge retention, and knowledge application use. Each of these components is vital for ensuring that knowledge is systematically acquired, shared, retained, and applied for organizational benefits.

### **2.2.1 Knowledge Acquisition**

Knowledge acquisition refers to the process by which organizations gather valuable information, insights, and expertise from both internal and external sources. This component is critical as it forms the foundation of KM. Knowledge can be acquired from internal sources such as employee experiences, organizational reports, and databases, as well as from external sources like market research, industry trends, academic studies, and strategic partnerships (Brown & Duguid, 2020).

For organizations, particularly banks in Ethiopia, acquiring relevant knowledge about market trends, customer preferences, and emerging technologies is crucial for maintaining competitiveness. Studies by *Khoualdi & Binibrahim (2021)* emphasize that banks in Africa, including Ethiopian banks, are increasingly relying on market intelligence and customer insights to enhance service offerings. This knowledge acquisition helps organizations adapt to fast-changing economic and regulatory environments (Fiseha, 2019).

### **2.2.2 Knowledge Sharing**

Knowledge sharing involves the distribution and dissemination of knowledge across different organizational levels and departments. Effective knowledge sharing ensures that employees can access relevant information and apply it to their tasks, leading to enhanced performance. This process is facilitated by organizational culture, leadership, and communication systems (Morrison & Robinson, 2020).

In the Ethiopian banking sector, knowledge sharing plays a significant role in promoting collaboration and improving service quality. Banks like Abyssinia Bank are adopting knowledge-sharing platforms, such as intranets and training workshops, to enable employees to exchange ideas and insights (Fiseha, 2019). Moreover, informal knowledge sharing through peer interactions and mentoring is crucial in the Ethiopian banking sector, where organizational hierarchies are often less rigid, allowing for more collaborative environments (Tadesse & Tsehay, 2021).

### **2.2.3 Knowledge Retention**

Knowledge retention is the practice of preserving critical knowledge within the organization, especially when employees leave or retire. Knowledge retention involves capturing and documenting tacit knowledge such as skills, experiences, and insights—that reside in the minds of employees. This is often achieved through tools like knowledge management systems (KMS), databases, documentation of standard operating procedures (SOPs), and employee mentoring programs (Wenger et al., 2019).

For banks in Ethiopia, effective knowledge retention strategies are especially important due to high employee turnover, which is common in the private banking sector (Fiseha, 2019). Implementing strategies like mentorship programs and digital knowledge repositories helps ensure that valuable organizational knowledge is not lost when employees depart. The creation of such systems not only supports knowledge transfer but also aids in maintaining continuity and consistency in service delivery.

#### **2.2.4 Knowledge Application Use**

Knowledge application is the final and most crucial step in the KM process. It involves the use of acquired, shared, and retained knowledge to solve problems, improve processes, and make informed decisions. This is where knowledge is converted into tangible organizational benefits, such as improved operational efficiency, enhanced customer service, and innovation (Grant, 2020).

For Ethiopian banks, applying knowledge is essential to staying competitive in the face of rapidly changing financial products and customer expectations. By applying customer insights, market research, and internal expertise, banks can enhance their decision-making processes, tailor financial products to market needs, and implement more effective operational strategies (Abebaw & Fufa, 2022). Knowledge application is also vital for optimizing internal processes, improving service delivery, and enhancing employee productivity.

#### **2.3 Types of Knowledge: Tacit vs. Explicit**

Knowledge can be broadly categorized into two types: tacit knowledge and explicit knowledge. Tacit knowledge is personal, context-specific, and difficult to formalize or communicate. It is often acquired through personal experience, observation, and informal learning. This type of knowledge includes skills, insights, and intuitions that individuals develop over time. Due to its intangible nature, tacit knowledge is challenging to document and transfer. For instance, Nonaka and Takeuchi (1995) emphasize that tacit knowledge forms the basis of innovation and learning within organizations (Nonaka & Takeuchi, 1995). Explicit knowledge, on the other hand, is codified, documented, and easily transferable. It can be readily articulated, stored, and accessed by others. This type of knowledge is often found in databases, manuals, documents, and other formal repositories. Explicit knowledge includes facts, theories, procedures, and instructions that can be systematically shared and utilized across the organization. Polanyi (1966) describes explicit knowledge as knowledge that can

be expressed in words and numbers, and easily communicated and shared in the form of data, scientific formulas, specifications, manuals, and so on (Polanyi, 1966).

## **2.4 The Role of Technology in Knowledge Management**

Technology plays a pivotal role in the effective implementation of knowledge management practices. It provides tools and platforms that facilitate the creation, storage, retrieval, and sharing of knowledge within an organization. Alavi and Leidner (2001) suggest that knowledge management systems (KMS) are designed to support KM processes by enabling the capture, organization, and dissemination of knowledge (Alavi & Leidner, 2001).

Moreover, technology plays a significant role in facilitating knowledge acquisition by providing easy access to a wealth of resources such as online databases, e-learning platforms, and research software. These technological tools enable organizations to gather and integrate new knowledge efficiently, enhancing their ability to adapt to changing environments. For instance, Kamau and Ndirangu (2021) highlight the pivotal role of technology in enhancing knowledge acquisition processes in African universities. These platforms allow institutions to tap into global knowledge pools, facilitating the rapid integration of cutting-edge research and insights that can drive organizational innovation and growth (Kamau & Ndirangu, 2021). In a similar vein, organizations in various sectors, including the banking industry, utilize these technologies to acquire knowledge related to market trends, financial regulations, and emerging technologies, ensuring they stay competitive and responsive to industry shifts.

Additionally, technology plays an instrumental role in knowledge sharing within organizations. Collaboration tools, social media platforms, and intranets act as bridges to connect employees across different departments and locations, thus breaking down silos and promoting a culture of knowledge exchange. As Chigona and Nyemba (2020) argue, these technologies encourage collaborative efforts, allowing employees to share insights, best practices, and lessons learned, thereby enhancing collective intelligence. Furthermore, document management systems, knowledge repositories, and cloud storage solutions ensure that valuable knowledge is preserved for future use. These technologies not only help retain critical organizational knowledge but also make it accessible to future employees, thus safeguarding the intellectual capital of the organization. Bekele and Mengistu (2021) emphasize that such digital tools are essential for knowledge retention, as they enable the seamless storage, retrieval, and sharing of both explicit and tacit knowledge across organizational boundaries (Bekele & Mengistu, 2021).

## **2.5. Relationship between KM Practices and Organizational Performance**

The relationship between Knowledge Management (KM) practices and organizational performance has garnered significant attention in recent years, with numerous studies highlighting the positive impact of KM on various performance metrics. Ndirangu and Kamau (2023) suggest that KM practices, including knowledge acquisition, sharing, and application, enable organizations to respond more effectively to both internal and external challenges. In their study, the authors found that organizations leveraging knowledge management systems (KMS) experience enhanced decision-making, which in turn leads to improved operational performance. By acquiring and utilizing critical knowledge, businesses can streamline processes, reduce inefficiencies, and ultimately improve service delivery, which directly impacts customer satisfaction and profitability.

In addition to operational efficiency, KM practices have been linked to improved financial performance. Chigona and Nyemba (2022) argue that the effective management of organizational knowledge leads to better resource utilization, lower operational costs, and higher returns on investments. Their research indicates that organizations that encourage knowledge sharing and continuous learning achieve superior financial outcomes. The authors emphasize that KM practices, particularly in the context of employee training and collaboration, enable organizations to innovate and differentiate themselves from competitors, thus enhancing their financial competitiveness. This suggests that an organization's financial health is closely tied to its ability to manage knowledge effectively.

KM also plays a pivotal role in enhancing customer satisfaction, which is a key determinant of organizational performance. According to Bekele and Mengistu (2023), organizations that incorporate KM practices into their customer service strategies are better equipped to meet and exceed customer expectations. Knowledge sharing among employees allows for faster response times and more personalized services, which results in higher levels of customer satisfaction. By maintaining knowledge repositories and databases, organizations can provide consistent and accurate information to their customers, thereby improving customer trust and loyalty. As a result, KM contributes to enhanced customer retention rates, which in turn impacts the long-term success of the organization.

Furthermore, the integration of KM practices has been shown to support organizational learning and innovation, further boosting performance. Abdi and Osman (2022) highlight that

when organizations systematically capture and apply the knowledge accumulated from previous experiences, they are better positioned to innovate and adapt to changing market conditions. Knowledge retention, in particular, ensures that valuable insights are not lost when employees leave or retire, thereby preserving the organization's intellectual capital. The ability to apply this retained knowledge in new contexts allows organizations to remain competitive and continuously improve their products and services. Thus, the systematic management of knowledge becomes a critical factor in achieving sustainable growth and maintaining a competitive edge in the marketplace.

## **2.6. Knowledge Management in the Banking Sector**

Knowledge Management (KM) has become increasingly critical in the banking sector, as financial institutions strive to improve operational efficiency, service delivery, and customer satisfaction. According to Kumar and Sharma (2020), banks are inherently knowledge-based organizations, and managing knowledge effectively is essential for enhancing their competitive advantage. KM in banks involves the acquisition, sharing, and application of knowledge to streamline processes, mitigate risks, and innovate financial products. Effective KM practices ensure that banks are able to leverage their intellectual capital to meet customer demands and adapt to market fluctuations. The increasing reliance on digital platforms and data analytics in the financial sector further underscores the need for a robust KM framework to handle the complexities of modern banking services (Kumar & Sharma, 2020).

Knowledge Management Systems (KMS) are pivotal in the effective implementation of KM practices within financial institutions. Muluye and Tsegaye (2023) highlight that KMS provide banks with the infrastructure necessary to collect, store, and distribute knowledge across various departments. These systems facilitate the automation of information sharing, enabling seamless communication between branches, departments, and even between the bank and its customers. Additionally, KMS enable banks to analyze large volumes of data, providing valuable insights into customer behavior, market trends, and operational performance. The adoption of advanced KMS tools, such as customer relationship management (CRM) systems and business intelligence platforms, helps banks improve decision-making and enhance service delivery. As such, KMS not only streamline internal processes but also help banks maintain a competitive edge in a rapidly evolving industry (Muluye & Tsegaye, 2023).

In Ethiopia, KM practices have gained significant traction in recent years, particularly in private banks. Fiseha (2019) notes that Ethiopian banks have increasingly recognized the importance of knowledge management for improving performance and sustaining growth.

Banks such as Awash International Bank and Dashen Bank have implemented knowledge-sharing practices to ensure their employees stay informed about industry best practices and emerging financial technologies. However, KM practices in Ethiopian banks are still in the early stages of development, and many banks continue to face challenges related to the integration of KM systems, employee training, and the preservation of tacit knowledge. Despite these challenges, Ethiopian banks have made strides in encouraging knowledge sharing through informal networks and internal workshops, with the goal of fostering a culture of continuous learning and innovation (Fiseha, 2019).

Despite the potential benefits of KM, several challenges hinder its effective implementation in the banking sector. Kifle and Gedefaw (2020) identify several barriers, including organizational culture, resistance to change, and lack of awareness about the value of KM. Many employees in the banking sector are reluctant to share knowledge due to concerns about job security or a lack of incentives. Furthermore, the integration of KM systems into existing IT infrastructure can be costly and complex, especially for banks with limited technological resources. In Ethiopia, the lack of standardized KM practices and the fragmented nature of knowledge management across different financial institutions pose additional challenges to the sector. Muluye and Tsegaye (2023) also point out that the fast-paced nature of technological advancements, coupled with limited training opportunities for employees, makes it difficult for banks to keep up with the evolving demands of the knowledge economy. Overcoming these challenges requires a strategic commitment to knowledge management, investment in technology, and the development of a knowledge-sharing culture across all levels of the organization.

## **2.7. Barriers and Challenges to Effective Knowledge Management**

Effective Knowledge Management (KM) faces significant challenges across organizational, technological, cultural, and human-related factors. Organizational culture is one of the primary barriers, as many organizations operate in silos, where employees are reluctant to share knowledge due to fear of losing their competitive edge or job security. As Lee and Choi (2019) point out, a competitive internal culture that encourages knowledge hoarding can undermine KM initiatives. Moreover, a lack of leadership commitment and insufficient incentives for knowledge sharing further prevent the successful implementation of KM practices. Without clear directives from management and recognition for contributing knowledge, employees may not see the value in participating in KM activities (McKinley et al., 2020).

Technological barriers also pose significant challenges to KM success, especially in organizations with outdated or incompatible IT systems. The integration of Knowledge Management Systems (KMS) requires substantial investment in both technology and training, which can be a barrier for small to medium-sized organizations or those in developing economies (Ramlal & Nyembezi, 2020). Furthermore, data security concerns are critical, as KM systems rely heavily on storing and sharing sensitive information. Without robust cybersecurity frameworks, organizations face the risk of data breaches, which can deter employees from engaging with KM tools (Singh & Sharma, 2021). Addressing these technological challenges requires organizations to invest in user-friendly systems and ensure secure knowledge sharing platforms.

Cultural and human factors are also key obstacles to the success of KM. Hierarchical organizational structures, a lack of trust, and individual knowledge hoarding contribute to resistance to knowledge sharing (Al-Ali & Awwad, 2020). Additionally, employees may lack the motivation or awareness to engage in KM practices, often due to inadequate training or unclear benefits of sharing knowledge. Skills gaps in areas such as technology and communication can further impede the adoption of KM systems. To overcome these barriers, organizations must foster a culture that values collaboration, provide proper training, and create incentives for sharing knowledge. By addressing both cultural and human factors, organizations can enhance participation in KM activities and leverage knowledge more effectively.

## **2.8. Empirical Literature Review**

Global studies have consistently demonstrated the positive relationship between Knowledge Management (KM) practices and organizational performance. KM practices such as knowledge sharing, knowledge acquisition, and application have been shown to improve decision-making, operational efficiency, and innovation in diverse industries (Martín-de-Castro et al., 2020). For example, a study by Tuan (2021) in Southeast Asia revealed that firms that effectively manage knowledge enjoy superior customer service, more effective product development, and higher market share. The research highlighted that companies utilizing Knowledge Management Systems (KMS) gained a competitive advantage by enhancing the flow of information, reducing redundancy, and promoting faster decision-making. Similarly, a global study by Hsu (2019) demonstrated that organizations that foster a culture of continuous learning and knowledge sharing outperformed competitors in terms of profitability and customer satisfaction. These findings reinforce the notion that KM is a

critical determinant of business success on a global scale, emphasizing the need for organizations to strategically manage their intellectual capital to remain competitive.

In Africa, the integration of KM practices into organizational processes has been a growing trend, particularly as companies face increasing competition and rapid technological changes. A study by Juma and Olowu (2020) examined the role of KM in enhancing the performance of firms in Nigeria and found that companies implementing systematic KM practices achieved better business outcomes, including improved service delivery and enhanced employee performance. Similarly, a study by Nduku and Kihoro (2021) in Kenya showed that KM practices such as knowledge sharing and collaboration had a significant impact on the performance of both small and medium-sized enterprises (SMEs) and large organizations in the country. In South Africa, Mmutle and Monyane (2020) analyzed KM adoption within the banking sector and discovered that banks that embraced KM were able to offer better customer service, streamline operations, and improve product offerings. This body of research underscores the relevance of KM in African markets and highlights the potential for organizations in the region to enhance their performance by adopting knowledge-centric practices.

In Ethiopian private banks, KM practices have gained considerable attention as institutions strive to stay competitive in a rapidly changing economic landscape. A study by Alemu and Tsegaye (2021) on private Ethiopian banks such as Awash International Bank and Dashen Bank revealed that KM practices especially knowledge sharing, knowledge acquisition, and the use of technology have contributed to enhanced operational efficiency, innovation, and customer satisfaction. These banks have adopted both formal and informal KM practices, including internal training programs, workshops, and knowledge-sharing platforms. The integration of Knowledge Management Systems (KMS) has allowed these banks to better manage customer data, streamline financial services, and enhance decision-making. The study found that despite challenges such as limited resources and technological infrastructure, private banks in Ethiopia are gradually improving their KM capabilities to enhance service delivery and meet growing customer expectations (Alemu & Tsegaye, 2021).

In contrast, Ethiopian public sector banks have faced more challenges in implementing effective KM practices. A study by Girma and Bekele (2022) explored the adoption of KM in public sector banks like the Commercial Bank of Ethiopia (CBE) and found that although these banks recognize the importance of KM, they lag behind their private counterparts in adopting robust KM systems. Key challenges include resistance to change, lack of training, and insufficient infrastructure to support KM initiatives. The study indicated that public

banks in Ethiopia tend to focus more on operational efficiency and customer service but struggle to integrate KM practices into their strategic planning processes. Girma and Bekele (2022) emphasized the need for public banks to invest in KM technologies, enhance employee training programs, and create a knowledge-sharing culture to improve their competitive standing and service quality.

While the research on KM practices in Ethiopia and Africa has grown significantly, several gaps still exist that warrant further exploration. First, there is limited research on the long-term impact of KM practices on the sustainability and profitability of organizations in Ethiopia, particularly in the banking sector. Most studies focus on short-term outcomes such as operational efficiency and customer satisfaction, with little attention given to how KM practices contribute to long-term competitive advantage and market positioning (Muluye & Tsegaye, 2023). Additionally, while much of the research has focused on the private banking sector, there is a need for more studies on KM adoption in Ethiopia's public sector banks. As the public sector plays a significant role in Ethiopia's financial system, understanding the barriers to KM adoption in this sector is critical. Moreover, more research is needed to examine how emerging technologies such as artificial intelligence, blockchain, and big data analytics are shaping KM practices in African and Ethiopian banks. Given the rapid evolution of technology in the financial sector, there is an opportunity to explore how these innovations are being integrated into KM systems to enhance decision-making, improve customer service, and drive operational efficiency.

## **2.9. Identification Literature Review and Research Gaps**

Despite extensive research on Knowledge Management (KM), there are several notable gaps that require further exploration, particularly in underrepresented industries and developing regions. One significant gap is the application of KM in sectors such as agriculture, tourism, and education, especially within developing economies. While much of the KM literature has focused on sectors like banking, healthcare, and technology, less attention has been given to how KM practices can be adapted to industries with distinct operational needs and resource constraints (Kamau & Ndirangu, 2021). Gaps in Existing Literature and Identification of Research Gaps Global studies have consistently demonstrated the positive relationship between Knowledge Management (KM) practices and organizational performance, yet significant gaps remain in the understanding of KM's long-term impact and its integration within specific cultural and regional contexts. While research has shown that KM practices such as knowledge sharing, acquisition, and application contribute to improved decision-

making, operational efficiency, and innovation (Martín-de-Castro et al., 2020), there is limited exploration of how these practices sustain competitive advantages over time. Most existing studies, such as those by Tuan (2021) and Hsu (2019), focus on short-term improvements in customer service, market share, and profitability. There is a need for longitudinal studies that track the impact of KM over extended periods to better understand its role in achieving sustained business success and long-term growth, especially in emerging markets (Dalkir, 2017).

In the African context, while studies have identified the growing adoption of KM practices, there is still a lack of comprehensive research on how KM contributes to the long-term strategic positioning of organizations, particularly in developing economies like Ethiopia. Juma and Olowu (2020) and Mmutle and Monyane (2020) have explored KM's role in enhancing performance in countries like Nigeria and South Africa, but these studies primarily focus on short-term outcomes like operational efficiency and employee performance. More research is needed on how KM can drive long-term competitiveness, especially in sectors like banking. In Ethiopia, studies such as those by Alemu and Tsegaye (2021) and Girma and Bekele (2022) highlight challenges in KM adoption within private and public banks but do not explore how KM can contribute to long-term profitability and market differentiation. Research focused on the sustainability of KM practices in Ethiopian banks, particularly public sector banks, would fill a critical gap.

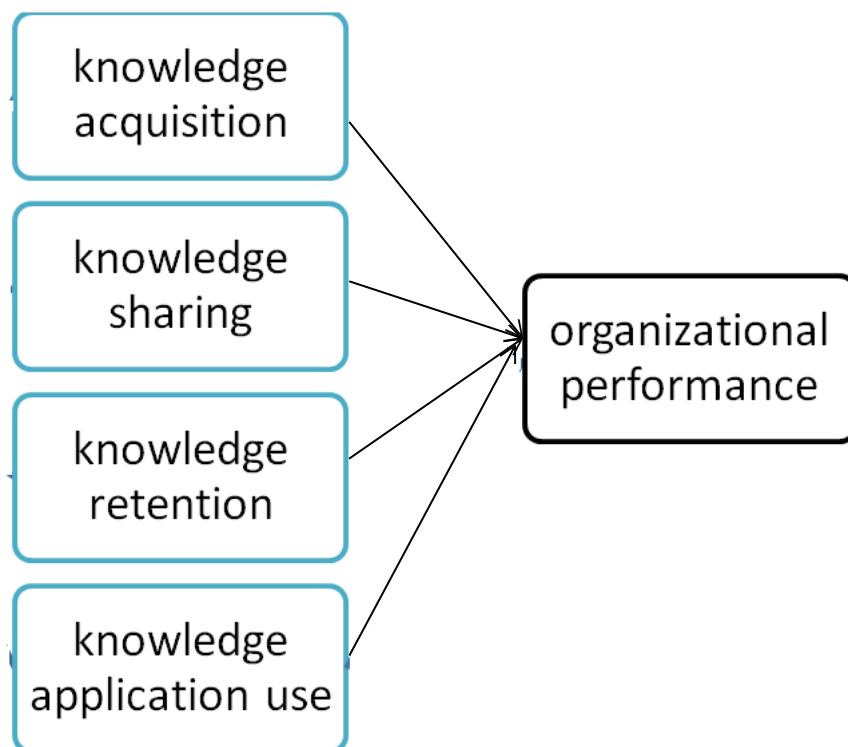
Emerging technologies like artificial intelligence, big data analytics, and blockchain also represent an important gap in the current KM literature. While the integration of these technologies into KM systems has been explored in other sectors (Ramlal & Nyembezi, 2020), their application in the banking sector in Ethiopia and Africa remains under-researched. The rapid advancement of these technologies presents an opportunity for financial institutions to enhance decision-making, improve customer service, and drive operational efficiency. However, there is limited understanding of how these technologies are shaping KM practices in African banks, particularly in terms of data management, knowledge sharing, and automation of knowledge processes. Future studies could explore how these technologies are integrated into KM frameworks to provide banks with a competitive edge in the evolving digital landscape.

## **2.10. Conceptual Framework**

A conceptual framework serves as a foundational guide for research by illustrating the relationships between key variables and outlining the study's objectives. It provides a structured approach to investigating how different elements interact and contribute to the

research outcomes. According to Swaen (2022), a well-defined conceptual framework not only enhances the clarity of the research process but also ensures the validity and reliability of the findings by offering a clear direction for data collection and analysis. The framework acts as a map that connects theoretical concepts with empirical observations, guiding researchers in interpreting their results within the context of existing literature.

In the specific context of knowledge management (KM) practices and organizational performance, the conceptual framework will emphasize how essential KM components such as knowledge acquisition, sharing, retention, and application Use are expected to influence key performance indicators, including financial performance, customer satisfaction, and operational efficiency. As noted by Swaen (2024), constructing this framework requires integrating both theoretical perspectives and empirical insights, allowing for a comprehensive understanding of how KM practices drive organizational outcomes. By linking these concepts in a logical manner, the framework will provide a solid base for analyzing the dynamic interactions between KM practices and organizational performance in various contexts, particularly in the banking sector.



Sources: Adopted by literature, 2022)

## **CHAPTER THREE**

### **3. RESEARCH METHODOLOGY**

#### **3.1 Descriptive Study Area**

The exact coordinates of Bahir Dar are Latitude: 11.5936° N and Longitude: 37.3908° E (Ministry of Urban Development and Construction, 2021).

**Geographical Context:** The study focuses on the Bahir Dar District, located in the Amhara Region of Ethiopia. Bahir Dar is a major city situated on the southern shore of Lake Tana, the largest lake in Ethiopia. The city is known for its scenic beauty and historical significance, serving as a hub for tourism and commerce. The geographical features of Bahir Dar, including its proximity to the Blue Nile River, contribute to its economic activities and accessibility (Ethiopian Tourism Commission, 2022). Bahir Dar is an important economic center in Ethiopia, characterized by a diverse economy that includes agriculture, trade, tourism, and services. The city hosts various financial institutions, including Abyssinia Bank, which plays a crucial role in the local economy (Abyssinia Bank, 2021). The socio-economic landscape of Bahir Dar is marked by a blend of traditional and modern influences, with a population that engages in both subsistence farming and urban commercial activities. The city's infrastructure, including roads, telecommunications, and utilities, supports its economic activities and development (Bahir Dar City Administration, 2020).

Abyssinia Bank, one of the leading financial institutions in Ethiopia, has a significant presence in the Bahir Dar District. The bank provides a range of financial services to individuals, businesses, and organizations, contributing to the district's economic growth and development (Abyssinia Bank, 2021). Abyssinia Bank's branch in Bahir Dar operates within a competitive banking environment, with a focus on enhancing customer service, operational efficiency, and financial performance. The bank's knowledge management practices are critical for maintaining its competitive edge and achieving its strategic objectives (Bahir Dar Branch, 2022).

#### **3.2 Research Approach and Design**

##### **3.2.1. Research Approach**

This study adopted a mixed research approach, combining both quantitative and qualitative methods to ensure a comprehensive analysis of knowledge management practices and their effect on organizational performance at Abyssinia Bank in the Bahir Dar District. The quantitative approach was used to collect numerical data through structured questionnaires, allowing for statistical analysis of trends and relationships between variables (Hair et al.,

2021). Meanwhile, the qualitative approach provided deeper insights into employees' experiences. By integrating both methods, the study enhanced the validity and depth of its findings.

### **3.2.2 Research Design**

A descriptive and explanatory research design was employed to explore and analyze the role of knowledge management in improving organizational performance. The descriptive design helped in systematically gathering detailed information about existing KM practices at Abyssinia Bank, while the explanatory design was used to examine the cause-and-effect relationships between KM practices and key performance indicators such as financial performance, customer satisfaction, and operational efficiency. This combination enabled the study to not only describe current KM trends but also explain how and why these practices influenced the bank's success (Yin, 2018).

### **3.3 Target Population, Sampling Technique, and Sample Size**

This study focused on a target population of 105 employees working at Abyssinia Bank in the Bahir Dar District. Given the relatively small population size, the census survey was employed, meaning that data were collected from all 105 employees rather than selecting a subset. Census survey was chosen to ensure comprehensive and accurate data by including every relevant participant, thereby eliminating sampling bias and increasing the reliability of the findings. This technique proved particularly useful as the population was manageable and a complete dataset was needed for in-depth analysis. By using census sampling, the study captured diverse perspectives from employees at different levels, allowing for a holistic understanding of knowledge management practices and their impact on organizational performance.

### **3.4. Data Sources and Data Collection Instrument**

#### **3.4.1 Sources of Data**

The study utilized both primary and secondary data sources to ensure a comprehensive analysis. Primary data were collected through structured questionnaires and interviews with Abyssinia Bank employees in the Bahir Dar District. Secondary data were obtained from academic journals, government reports, and official documents from Abyssinia Bank. This combination enhanced the reliability of the findings by allowing cross-verification. Using multiple sources provided a well-rounded perspective on knowledge management practices and their impact on organizational performance.

### **3.4.2 Data Collection Instruments**

#### **A. Questionnaires**

The questionnaire was designed to gather quantitative data on knowledge management (KM) practices and their effect on organizational performance at Abyssinia Bank in the Bahir Dar District. It consisted of closed-ended questions using a Likert scale to measure employees' perceptions of KM components such as knowledge acquisition, sharing, retention, and application. The Likert scale ranged from "strongly disagree" (1) to "strongly agree" (5) to capture varying degrees of agreement. To ensure accessibility, the questionnaire was translated from English to Amharic, with careful attention to accuracy and clarity. Distribution was managed by the bank's HR department to ensure all employees in the target sample received the questionnaires. Additionally, pilot testing was conducted prior to full-scale data collection to refine the questionnaire and enhance its reliability and validity.

#### **B. Key Informant Interviews (KII)**

Key Informant Interviews were conducted with selected bank managers and key personnel to collect qualitative data and provide deeper insights into the practical implementation of KM strategies. These semi-structured interviews allowed for open-ended responses, enabling participants to elaborate on challenges and best practices related to KM. The combination of questionnaires and interviews ensured a more comprehensive understanding of the study's objectives. While the questionnaire offered measurable data, the interviews provided contextual insights that helped interpret the statistical results. This mixed-method approach strengthened the study's findings and contributed to a holistic analysis of KM's role in improving organizational performance.

### **3.5. Measurement of Variables**

This section provides an overview of how the dependent and independent variables in the study are measured to assess the relationship between knowledge management practices and organizational performance at Abyssinia Bank.

#### **3.5.1 Measurement of Dependent Variable**

Organizational Performance is the dependent variable and is measured using a combination of financial, customer-related, and operational indicators, providing a holistic view of the bank's effectiveness. The key performance indicators (KPIs) include: This is measured by evaluating key performance indicators (KPIs) such as financial performance, employee productivity, customer satisfaction, and overall organizational growth. Data will be collected

through both qualitative and quantitative measures, including performance reports, employee feedback, and customer surveys. The impact of knowledge management practices on these indicators will be analyzed to assess the relationship between KM and organizational success.

### **3.5.2 Measurement of Independent Variable**

Knowledge Management Practices (the independent variable) are assessed based on four key dimensions that cover the processes related to knowledge creation, sharing, retention, and application. These practices are measured as follows:

**Knowledge acquisition:** This is measured by examining employees' ability to gather relevant information and insights for organizational improvement.

**Knowledge Sharing:** Knowledge sharing is measured by evaluating the frequency and effectiveness of knowledge exchange among employees. This includes the use of collaborative tools, platforms for sharing best practices, and the presence of both formal and informal mechanisms that foster a culture of knowledge sharing.

**Knowledge Retention:** This dimension is measured by looking at the bank's strategies for preserving critical knowledge, such as the creation of knowledge repositories, documentation systems, and mentorship programs aimed at passing on valuable knowledge to new employees. Effective knowledge retention ensures that vital organizational knowledge is not lost over time.

**Knowledge Application:** This is assessed by examining how well the bank applies the knowledge it creates and shares to improve decision-making, drive innovation, and achieve operational goals. The practical application of knowledge is critical to enhancing the bank's performance and achieving its strategic objectives.

### **3.6. Data Validity and Reliability**

Ensuring the validity and reliability of the research instruments was crucial for producing trustworthy and credible results. Validity referred to the accuracy and appropriateness of the measurement tools in capturing the intended constructs. To enhance validity, the structured questionnaire used in this study was developed based on established Knowledge Management (KM) frameworks and relevant literature. Content validity was ensured through a thorough review of the items by experts in the field of KM, who assessed whether the questions aligned with the research objectives. Additionally, a pilot test was conducted with a small group of employees to evaluate the clarity, relevance, and comprehensibility of the questions. Based on the feedback, necessary adjustments were made to improve the accuracy and relevance of the questionnaire. Construct validity was also assessed through statistical

methods such as factor analysis; to ensure that the KM constructs (e.g., knowledge acquisition, sharing, and application) were accurately measured by the questionnaire items. Reliability, on the other hand, referred to the consistency and stability of the research instruments over time. To ensure reliability, the study used established scales and instruments that had been tested in previous research and were known to yield consistent results. The internal consistency of the questionnaire was assessed using Cronbach's alpha, with a threshold of 0.7 considered acceptable for reliability. A high Cronbach's alpha value indicated that the items within the instrument measured the same construct consistently. Additionally, reliability was tested through test-retest methods, where the same questionnaire was administered to a small sample at two different points in time. This allowed the study to assess whether the instrument produced stable results across different instances. These measures ensured that the findings of the study were both valid and reliable, contributing to the robustness and credibility of the research outcomes.

Table 3.2: Reliability Test (Cronbach's Alpha Coefficient)

<b>Variables</b>	<b>Number of Items</b>	<b>Cronbach's Alpha (<math>\alpha</math>)</b>	<b>Interpretation</b>
Knowledge Acquisition (KA)	8	0.84	Good
Knowledge Sharing (KS)	8	0.87	Good
Knowledge Retention (KR)	8	0.81	Good
Knowledge Application (KAP)	8	0.89	Good
Organizational Performance (OP)	8	0.86	Good
<b>Overall Scale Reliability</b>	40	0.91	Excellent

### 3.7. Data Analysis Methods

The data collected from the structured questionnaires and interviews were analyzed using a combination of quantitative and qualitative methods to provide a comprehensive understanding of the relationship between knowledge management practices and organizational performance. For the quantitative data obtained through the Likert scale-based questionnaire, statistical tools were employed. Descriptive statistics, including mean, standard deviation, and frequency distributions, were used to summarize and provide an overview of the respondents' perceptions of knowledge management components. Inferential statistics, such as correlation and multiple regression analysis, were applied to test hypotheses and assess the strength and nature of the relationship between knowledge management practices (knowledge acquisition, sharing, retention, and application) and organizational

performance outcomes. This allowed for the identification of significant associations and helped measure the effect of KM practices on the overall performance of Abyssinia Bank in Bahir Dar District.

In addition to the quantitative analysis, qualitative data gathered from the semi-structured interviews were analyzed using thematic analysis. Thematic analysis involved transcribing interview responses, coding the data, and identifying recurring themes and patterns related to employees' experiences and perceptions of knowledge management. This method provided deeper insights into nuanced factors that influence organizational performance, such as internal barriers to knowledge sharing, challenges in retaining critical knowledge, and best practices for knowledge application. The qualitative findings complemented the quantitative results, offering a more holistic view of how knowledge management practices affected performance. By triangulating both data types, the study ensured a robust analysis, enabling a comprehensive understanding of how effective knowledge management contributed to the success and performance of Abyssinia Bank in the Bahir Dar District.

#### **Specific modeling of multiple regressions**

Multiple regression analysis was employed to examine the relationship between several independent variables (knowledge management practices) and the dependent variable (organizational performance). This technique allowed for the investigation of how multiple predictors, simultaneously, impacted organizational performance, and helped to isolate the individual effect of each predictor while controlling for others. The model took the following form:

$$\text{Organizational Performance} = \beta_0 + \beta_1(\text{Knowledge Acquisition}) + \beta_2(\text{Knowledge Sharing}) + \beta_3(\text{Knowledge Retention}) + \beta_4(\text{Knowledge Application})$$

Where:

- Organizational Performance is the dependent variable, which could be measured through performance indicators such as financial performance, employee productivity, and customer satisfaction.
- $\beta_0$  is the intercept term, representing the baseline level of organizational performance when all predictors are zero.
- $\beta_1, \beta_2, \beta_3, \beta_4$  are the regression coefficients for each knowledge management component, showing the degree of influence each component has on organizational performance.

Each independent variable (knowledge acquisition, sharing, retention, and application) was operationalized based on the responses from the Likert-scale questions in the questionnaire. For example, knowledge acquisition was measured by the frequency with which employees

acquired new information relevant to their work; while knowledge sharing was measured by how often employees exchanged insights with their colleagues. The regression analysis allowed the researcher to identify the relative importance of each knowledge management practice and determine if and how they contributed to organizational performance.

The analysis included diagnostic tests to check for issues such as multicollinearity, heteroscedasticity, and normality of residuals to ensure the validity and reliability of the regression results. The findings from this regression model provided quantitative evidence regarding the specific contribution of each knowledge management component to the performance of Abyssinia Bank in the Bahir Dar District.

### **3.8. Ethical Considerations**

Ethical considerations were crucial in ensuring the integrity and credibility of the research process. This study prioritized the protection of participants' rights by obtaining informed consent, ensuring confidentiality, and emphasizing voluntary participation. Prior to data collection, participants were provided with detailed information about the study's purpose, procedures, and potential risks, allowing them to make an informed decision about their participation. All participants were assured that their involvement was voluntary, and they could withdraw at any time without penalty.

To maintain confidentiality, all collected data was securely stored, with only the researcher having access to it. Additionally, any information gathered was used solely for academic purposes and was not shared with third parties without consent. Ethical approval for the study was obtained from the relevant ethics committee to ensure compliance with research standards. These measures aimed to protect the privacy and well-being of participants, minimize harm, and ensure that the research was conducted with the highest ethical standards.

## CHAPTER FOUR

### 4. DATA PRESENTATION, ANALYSIS AND INTERPRETATION

#### 4.1. Introduction

This chapter presents, analyzes, and interprets the data collected through questionnaires and interviews to examine the effect of knowledge management (KM) practices on organizational performance in Abyssinia Bank, Bahir Dar District. The data are organized into five main sections: demographic information, knowledge acquisition, knowledge sharing, knowledge retention, knowledge application, and organizational performance. The findings from interviews are also integrated to provide qualitative insights.

A total of 105 questionnaires were distributed, and 97 valid responses were collected, resulting in a response rate of 92.38%, which is considered very well for academic research.

In addition, interviews with three key informants (branch manager, HR officer, and knowledge management staff) were conducted to support the quantitative findings.

#### 4.2 Demographic Characteristics of Respondents

**Table 4. 1: Demographic Characteristics of Respondents**

	Items	Frequency	Percentage
Sex	Male	60	61.86%
	Female	37	38.14%
	<b>Total</b>	97	100%
Age of Respondents	18–25	14	14.43%
	26–35	48	49.48%
	36–45	22	22.68%
	46–55	10	10.31%
	56 and above	3	3.09%
	<b>Total</b>	97	100%
Educational Qualification	Diploma	8	8.25%
	Bachelor's Degree	68	70.10%
	Master's Degree	21	21.65%
	<b>Total</b>	97	100%
Work Experience	Less than 1 year	6	6.19%
	1–3 years	20	20.62%
	4–6 years	35	36.08%
	7–10 years	24	24.74%
	More than 10 years	12	12.37%
	<b>Total</b>	97	100%

Source: Survey Data, 2025

Out of the 97 people who took part in the study, most were male (about 62%), while the rest were female (around 38%). The largest age group was between 26 and 35 years old, making up nearly half of the respondents. This was followed by those aged 36 to 45. In terms of

education, most of the participants (70%) held a bachelor’s degree, with fewer having a master’s degree or a diploma. Regarding work experience, the majority had worked for 4 to 6 years, followed by those with 7 to 10 years of experience. A smaller number had less than a year or more than 10 years of experience. These background details help give context to the rest of the findings in the study.

### 4.3. Effect of knowledge Management Practice on Organizational Performance

#### 4.3.1 Knowledge Management Practices

**Table 4. 2: Knowledge Acquisition**

Statements	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	Standard Deviation
1. The bank encourages acquisition of new knowledge.	5 (5.2%)	7 (7.3%)	10 (10.4%)	30 (31%)	45 (46.4%)	4.1	0.88
2. There are formal processes for acquiring knowledge.	3 (3.1%)	5 (5.2%)	12 (12.4%)	40 (41.2%)	37 (38.1%)	4.0	0.90
3. The bank invests in research and training.	4 (4.1%)	8 (8.2%)	10 (10.4%)	25 (25.8%)	50 (51.5%)	4.1	0.85
4. The bank supports learning from external sources.	6 (6.2%)	7 (7.3%)	9 (9.3%)	35 (36.1%)	40 (41.2%)	4.0	0.86
5. Staffs are encouraged to bring new ideas.	4 (4.1%)	8 (8.2%)	15 (15.5%)	28 (28.9%)	42 (43.3%)	4.0	0.87
6. The bank promotes a collaborative environment where employees can acquire new knowledge together.	3 (3.1%)	6 (6.2%)	11 (11.3%)	35 (36.1%)	42 (43.3%)	4.0	0.84
7. There are incentives or rewards for employees who contribute new ideas and knowledge to the bank.	4 (4.1%)	5 (5.2%)	10 (10.4%)	30 (31%)	48 (49.5%)	4.1	0.83
8. The leadership of Abyssinia Bank actively supports knowledge acquisition initiatives.	2 (2.1%)	4 (4.1%)	12 (12.4%)	40 (41.2%)	39 (40.2%)	4.0	0.82
<b>Average Mean</b>						<b>4.05</b>	<b>0.86</b>

Source: Survey Data, 2025

The results presented in Table 4.2 reveal respondents' views on various knowledge acquisition practices at Abyssinia Bank, with each statement evaluated using a 5-point scale from Strongly Disagree (SD) to Strongly Agree (SA). The percentage distribution for each response option (SD, D, N, A, SA) provides insight into how employees perceive the bank’s commitment to knowledge acquisition, while the mean scores offer an overall assessment of each statement's effectiveness. The findings suggest that the majority of respondents hold a positive perception of the bank’s knowledge acquisition practices, with a notable trend of agreement or strong agreement across most statements.

Looking at specific statements, the majority of respondents expressed strong agreement with the bank's efforts to encourage the acquisition of new knowledge. The statement "The bank encourages acquisition of new knowledge" received the highest percentage of Strongly Agree responses (46.4%), yielding a mean score of 4.1, indicating that employees feel strongly supported in their efforts to gain new knowledge. Similarly, the statement "The bank invests in research and training" also garnered significant support, with 51.5% Strongly Agreeing and a mean score of 4.1. This reflects a strong emphasis on training and research as critical components of the bank's knowledge acquisition strategy. In contrast, while the statement "There are formal processes for acquiring knowledge" received a slightly lower percentage of Strongly Agree responses (38.1%), it still resulted in a high mean score of 4.0. This suggests that while formal processes are seen as important, there may be some room for improvement in their implementation or visibility within the bank.

The overall mean score for all statements is 4.05, indicating that, on average, respondents perceive the bank's knowledge acquisition practices to be effective and supportive. The standard deviation of 0.86 indicates moderate variability in responses, suggesting that while most employees have a positive view of knowledge acquisition practices, there is some diversity in how different individuals experience or interpret these practices. The distribution of responses across the five-point scale shows a strong tendency toward agreement, reinforcing the idea that Abyssinia Bank has cultivated a positive knowledge management environment. The findings imply that the bank is committed to promoting knowledge acquisition through various initiatives, such as training, research, and fostering a collaborative atmosphere, although some areas, like formal knowledge processes, may benefit from further attention or clarity.

### 4.3.2. Knowledge Sharing

Table 4. 3: Knowledge Sharing

Statements	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	Standard Deviat
1. Abyssinia Bank has formal mechanisms in place for employees to share knowledge.	3 (3.1%)	5 (5.2%)	11 (11.3%)	36 (37.1%)	42 (43.3%)	4.1	0.89
2. Employees frequently exchange knowledge and best practices with their colleagues.	2 (2.1%)	6 (6.2%)	8 (8.2%)	35 (36.1%)	46 (47.4%)	4.1	0.85
3. The bank promotes collaboration between departments to enhance	1 (1.0%)	3 (3.1%)	10 (10.4%)	38 (39.2%)	45 (46.4%)	4.2	0.83

knowledge sharing.							
4. There are tools or platforms that facilitate the sharing of knowledge among employees.	4 (4.1%)	5 (5.2%)	14 (14.4%)	32 (33%)	42 (43.3%)	4.0	0.88
5. The bank encourages a culture where employees openly share knowledge and information.	3 (3.1%)	4 (4.1%)	12 (12.4%)	35 (36.1%)	43 (44.3%)	4.1	0.84
6. Knowledge sharing activities at Abyssinia Bank improve organizational performance.	2 (2.1%)	5 (5.2%)	10 (10.4%)	33 (34%)	47 (48.5%)	4.2	0.86
7. Employees are recognized or rewarded for their contributions to knowledge sharing.	5 (5.2%)	6 (6.2%)	11 (11.3%)	30 (31%)	45 (46.4%)	4.1	0.87
8. Leadership at Abyssinia Bank encourages knowledge sharing through example and support.	3 (3.1%)	4 (4.1%)	12 (12.4%)	37 (38.1%)	41 (42.3%)	4.1	0.85
Average Mean						4.1	0.86

Source: Survey Data, 2025

The results in Table 4.3 provide an overview of the respondents' perceptions of knowledge sharing practices at Abyssinia Bank, with each statement rated on a scale from Strongly Disagree (SD) to Strongly Agree (SA). The percentages for each response option (SD, D, N, A, SA) indicate the extent to which employees agree or disagree with different aspects of knowledge sharing at the bank. Additionally, the mean scores and standard deviations offer insight into the overall effectiveness and variability of the knowledge sharing practices.

The majority of respondents expressed positive perceptions regarding the bank's knowledge sharing initiatives. The statement "Abyssinia Bank has formal mechanisms in place for employees to share knowledge" received 43.3% of respondents Strongly Agreeing, and a mean score of 4.1, suggesting that employees believe the bank has established formal systems to facilitate knowledge sharing. Similarly, the statement "Employees frequently exchange knowledge and best practices with their colleagues" had a high percentage of respondents Strongly Agreeing (47.4%), with a mean score of 4.1, indicating that knowledge exchange among employees is common practice. The statement "The bank promotes collaboration between departments to enhance knowledge sharing" had a slightly higher mean of 4.2, with 46.4% of respondents strongly agreeing, reflecting that collaboration between departments is actively promoted.

In terms of knowledge sharing tools, the statement "There are tools or platforms that facilitate the sharing of knowledge among employees" had a mean score of 4.0, suggesting that employees feel that platforms for sharing knowledge are available, though perhaps not as

strongly emphasized as other practices. The statement "The bank encourages a culture where employees openly share knowledge and information" also garnered a strong agreement rate, with 44.3% of respondents strongly agreeing, indicating that the bank fosters an open culture of knowledge sharing.

Respondents also felt that knowledge sharing activities contributed positively to organizational performance, with 48.5% agreeing strongly with the statement "Knowledge sharing activities at Abyssinia Bank improve organizational performance," and a mean of 4.2. This suggests that employees see knowledge sharing as an important factor in enhancing overall performance at the bank.

In terms of recognition, 46.4% of respondents agreed strongly that employees are rewarded for their contributions to knowledge sharing, with a mean of 4.1, indicating that there is an appreciation of efforts related to knowledge sharing within the bank. Additionally, the leadership's role in encouraging knowledge sharing was recognized by 42.3% of respondents who strongly agreed with the statement "Leadership at Abyssinia Bank encourages knowledge sharing through example and support," leading to a mean score of 4.1.

The overall average mean score for all statements is 4.1, indicating a generally positive perception of the bank's knowledge sharing practices. The standard deviation of 0.86 suggests that there is moderate variation in respondents' views, indicating that while most employees have a favorable opinion of knowledge sharing, there are some differing perceptions regarding the extent and effectiveness of certain practices.

Overall, the findings suggest that Abyssinia Bank has established a strong knowledge sharing culture, supported by formal mechanisms, leadership encouragement, and a focus on collaboration and recognition. The bank's efforts to promote knowledge exchange, share best practices, and encourage employees to contribute to organizational knowledge appear to be well-regarded by its employees.

### 4.3.3. Knowledge Retention

Table 4. 4: Knowledge Retention

Statements	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	Standard Deviat
1. Abyssinia Bank has systems in place to capture and store critical knowledge.	3 (3.1%)	5 (5.2%)	11 (11.3%)	36 (37.1%)	42 (43.3%)	4.1	0.87
2. The bank has a clear strategy for retaining knowledge from	2 (2.1%)	6 (6.2%)	10 (10.4%)	34 (35.1%)	45 (46.4%)	4.2	0.84

employees who leave the organization.							
3. Knowledge management tools (e.g., databases, intranet) are used to store and retrieve important knowledge.	3 (3.1%)	4 (4.1%)	12 (12.4%)	38 (39.2%)	40 (41.2%)	4.1	0.86
4. Abyssinia Bank invests in maintaining knowledge repositories and documentation systems.	4 (4.1%)	5 (5.2%)	13 (13.4%)	32 (33%)	43 (44.3%)	4.0	0.88
5. Mentorship and training programs are used to transfer valuable knowledge to new employees.	2 (2.1%)	3 (3.1%)	10 (10.4%)	36 (37.1%)	46 (47.4%)	4.2	0.85
6. The bank ensures that important organizational knowledge is preserved even during employee turnover.	3 (3.1%)	4 (4.1%)	9 (9.3%)	35 (36.1%)	46 (47.4%)	4.2	0.86
7. Abyssinia Bank has a well-defined process for transferring knowledge between departments or teams.	2 (2.1%)	5 (5.2%)	14 (14.4%)	33 (34%)	43 (44.3%)	4.1	0.87
8. Employees are encouraged to document and share their knowledge to ensure its retention within the organization.	3 (3.1%)	5 (5.2%)	12 (12.4%)	34 (35.1%)	43 (44.3%)	4.1	0.85
<b>Average Mean</b>						<b>4.1</b>	<b>0.86</b>

Source: Survey Data, 2025

The results in Table 4.4 provide an overview of employees' perceptions regarding knowledge retention practices at Abyssinia Bank. Each statement is rated on a scale from Strongly Disagree (SD) to Strongly Agree (SA), with accompanying mean scores and standard deviations, which highlight the overall effectiveness and variability in knowledge retention at the bank.

Overall, respondents expressed positive perceptions regarding the bank's knowledge retention strategies. The statement "Abyssinia Bank has systems in place to capture and store critical knowledge" received a mean score of 4.1, with 43.3% of respondents strongly agreeing, indicating that the bank has established mechanisms for retaining essential knowledge. Similarly, the statement "The bank has a clear strategy for retaining knowledge from employees who leave the organization" had a mean score of 4.2, with 46.4% of respondents strongly agreeing, suggesting that employees feel the bank is well-prepared for managing knowledge loss when staff members leave.

Respondents also indicated positive perceptions regarding the tools and systems used to store and retrieve knowledge. The statement "Knowledge management tools (e.g., databases, intranet) are used to store and retrieve important knowledge" had a mean score of 4.1, reflecting that employees recognize the availability of technology to support knowledge retention. Additionally, the statement "Abyssinia Bank invests in maintaining knowledge repositories and documentation systems" received a mean of 4.0, suggesting that while employees generally agree that knowledge repositories are well-maintained, the bank may be perceived as slightly less focused on this aspect compared to other knowledge retention efforts.

The bank's efforts to transfer knowledge through mentorship and training programs were also seen positively, with the statement "Mentorship and training programs are used to transfer valuable knowledge to new employees" receiving a high mean score of 4.2. This indicates that employees believe the bank effectively uses these programs to pass on important knowledge. Similarly, the statement "The bank ensures that important organizational knowledge is preserved even during employee turnover" also had a mean score of 4.2, reflecting that respondents feel confident that essential knowledge is safeguarded, even when employees leave the bank.

The statement "Abyssinia Bank has a well-defined process for transferring knowledge between departments or teams" had a mean score of 4.1, showing that respondents feel that knowledge transfer processes between departments are effectively implemented. Additionally, the statement "Employees are encouraged to document and share their knowledge to ensure its retention within the organization" had a mean of 4.1, indicating that employees feel encouraged to share and document their knowledge for the benefit of the organization.

The overall average mean score for all statements is 4.1, which reflects a generally positive view of Abyssinia Bank's knowledge retention practices. The standard deviation of 0.86

suggests moderate variation in responses, meaning that while most employees view the bank's knowledge retention strategies positively, there are some differences in how these practices are perceived.

In conclusion, Abyssinia Bank is perceived to have a robust knowledge retention system, with effective strategies for capturing, preserving, and transferring critical knowledge. The use of technology, mentorship, training programs, and clear processes for knowledge transfer all contribute to the organization's ability to maintain valuable knowledge within the workforce, even as employees come and go. The bank's commitment to knowledge retention appears well-regarded, although some respondents may perceive room for improvement in areas such as knowledge repository maintenance.

### 4.3.4 Knowledge Application

Table 4. 5: Knowledge Application

Statements	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	Standard Devia.
1. Abyssinia Bank effectively applies the knowledge acquired through its knowledge management systems to improve decision-making.	2 (2.1%)	4 (4.1%)	10 (10.4%)	36 (37.1%)	45 (46.4%)	4.2	0.82
2. The bank uses knowledge from various departments to solve operational challenges and improve performance.	3 (3.1%)	5 (5.2%)	12 (12.4%)	33 (34%)	44 (45.4%)	4.1	0.85
3. Knowledge gained through knowledge management practices is regularly applied to innovate products and services.	4 (4.1%)	6 (6.2%)	9 (9.3%)	34 (35.1%)	44 (45.4%)	4.2	0.83
4. Abyssinia Bank's employees are encouraged to apply the knowledge they share to improve their daily work processes.	3 (3.1%)	4 (4.1%)	11 (11.3%)	35 (36.1%)	44 (45.4%)	4.2	0.84
5. The application of knowledge is a key factor in achieving the bank's strategic goals and objectives.	2 (2.1%)	4 (4.1%)	8 (8.2%)	38 (39.2%)	45 (46.4%)	4.2	0.81
6. The bank has established mechanisms to track and evaluate the application of knowledge in	3 (3.1%)	5 (5.2%)	13 (13.4%)	32 (33%)	44 (45.4%)	4.1	0.85

decision-making.							
7. Knowledge application at Abyssinia Bank contributes to improved customer satisfaction and service delivery.	2 (2.1%)	4 (4.1%)	11 (11.3%)	37 (38.1%)	43 (44.3%)	4.2	0.82
8. The bank's knowledge application processes are well integrated with its overall operational strategies.	3 (3.1%)	4 (4.1%)	9 (9.3%)	35 (36.1%)	46 (47.4%)	4.2	0.83
<b>Average Mean</b>						<b>4.2</b>	<b>0.83</b>

Source: Survey Data, 2025

The results presented in Table 4.5 examine the respondents' views on the knowledge application practices at Abyssinia Bank. The statements, rated on a scale from Strongly Disagree (SD) to Strongly Agree (SA), are used to assess how effectively the bank applies the knowledge it acquires through its knowledge management systems to various organizational activities.

The respondents generally expressed strong agreement regarding the application of knowledge at Abyssinia Bank. Most statements received high mean scores, with the majority of respondents Strongly Agreeing or Agreeing with the statements, indicating that the bank is perceived as effectively utilizing acquired knowledge to enhance its operations and decision-making.

The statement "Abyssinia Bank effectively applies the knowledge acquired through its knowledge management systems to improve decision-making" received a mean score of 4.2, with 46.4% of respondents Strongly Agreeing, suggesting that the bank is seen as proficient in leveraging its knowledge management systems to support decision-making processes. Similarly, the statement "The bank uses knowledge from various departments to solve operational challenges and improve performance" also received a mean score of 4.1, showing that employees recognize the cross-departmental application of knowledge to address operational issues and enhance performance.

The statement "Knowledge gained through knowledge management practices is regularly applied to innovate products and services" garnered a mean score of 4.2, with 45.4% of respondents Strongly Agreeing. This indicates that knowledge acquired within the bank is effectively used to drive product and service innovation. Likewise, the statement "Abyssinia Bank's employees are encouraged to apply the knowledge they share to improve their daily work processes" also received a mean score of 4.2, reflecting the bank's encouragement of employees to use shared knowledge to optimize their work processes.

The statement "The application of knowledge is a key factor in achieving the bank's strategic goals and objectives" had a mean score of 4.2, further underscoring the importance of knowledge application in achieving the bank's broader strategic aims. Additionally, the statement "The bank has established mechanisms to track and evaluate the application of knowledge in decision-making" had a mean score of 4.1, indicating that while employees recognize the mechanisms in place, they may perceive a slight opportunity for improvement in tracking and evaluation.

The statement "Knowledge application at Abyssinia Bank contributes to improved customer satisfaction and service delivery" had a mean score of 4.2, with 44.3% of respondents Strongly Agreeing, demonstrating that employees believe knowledge application directly enhances the bank's customer service and overall service quality. Finally, the statement "The bank's knowledge application processes are well integrated with its overall operational strategies" received the highest mean score of 4.2, indicating that knowledge application is perceived as highly integrated into the bank's operational strategies.

The overall average mean score for all statements is 4.2, suggesting that employees at Abyssinia Bank believe that knowledge application is a critical and well-integrated component of the bank's operations. The standard deviation of 0.83 indicates that responses are moderately consistent, although there is some variation in perceptions regarding the specific aspects of knowledge application.

In conclusion, the results highlight that Abyssinia Bank is perceived as effectively applying its knowledge management practices across various areas, including decision-making, operational performance, product innovation, and customer satisfaction. The integration of knowledge application into the bank's strategic goals and operational processes is widely recognized by employees, contributing to the overall positive view of the bank's knowledge management practices.

#### 4.3.5. Measurements Organizational Performance

Table 4. 6: Measurements Organizational Performance

Statements	SD (1)	D (2)	N (3)	A (4)	SA (5)	Mean	Standard Deviat.
1. Abyssinia Bank's financial performance has significantly improved.	1 (1.0%)	3 (3.1%)	10 (10.3%)	39 (40.2%)	44 (45.4%)	4.25	0.78
2. The bank has experienced growth in its revenue and	2 (2.1%)	4 (4.1%)	9 (9.3%)	38 (39.2%)	44 (45.4%)	4.22	0.80

profitability.							
3. Abyssinia Bank has achieved higher customer satisfaction.	1 (1.0%)	2 (2.1%)	11 (11.3%)	36 (37.1%)	47 (48.5%)	4.30	0.77
4. Practices have positively impacted the bank's market share and competitive position.	3 (3.1%)	4 (4.1%)	8 (8.2%)	39 (40.2%)	43 (44.3%)	4.18	0.83
5. The efficiency of operations at Abyssinia Bank.	2 (2.1%)	3 (3.1%)	10 (10.3%)	40 (41.2%)	42 (43.3%)	4.20	0.81
6. Abyssinia Bank's initiatives have contributed to the effective use of resources, reducing costs.	1 (1.0%)	5 (5.1%)	9 (9.3%)	38 (39.2%)	44 (45.4%)	4.22	0.80
7. The overall performance of Abyssinia Bank has been enhanced.	1 (1.0%)	3 (3.1%)	10 (10.3%)	37 (38.1%)	46 (47.4%)	4.28	0.79
8. Knowledge application at Abyssinia Bank has helped the organization achieve its long-term strategic goals.	2 (2.1%)	4 (4.1%)	8 (8.2%)	39 (40.2%)	44 (45.4%)	4.22	0.82
<b>Overall Average</b>						<b>4.23</b>	<b>0.80</b>

Source: Survey Data, 2025

The results from Table 4.6 focus on the respondents' views on various aspects of Abyssinia Bank's organizational performance. The statements are rated on a scale from Strongly Disagree (SD) to Strongly Agree (SA), providing insight into how employees perceive the bank's performance across key areas, including financial performance, growth, customer satisfaction, market position, operational efficiency, and strategic goal achievement.

The responses indicate a strong positive perception of Abyssinia Bank's organizational performance. The statement "Abyssinia Bank's financial performance has significantly improved" received a mean score of 4.25, with 45.4% of respondents Strongly Agreeing. This suggests that employees believe the bank's financial performance has seen notable improvements. Similarly, the statement "The bank has experienced growth in its revenue and profitability" garnered a mean score of 4.22, reflecting positive perceptions of the bank's financial growth.

Regarding customer satisfaction, the statement "Abyssinia Bank has achieved higher customer satisfaction" had the highest mean score of 4.30, with 48.5% of respondents

Strongly Agreeing. This demonstrates that employees recognize the bank's success in enhancing customer satisfaction. In terms of market share and competitiveness, the statement "Practices have positively impacted the bank's market share and competitive position" received a mean score of 4.18, further emphasizing the bank's strength in maintaining a competitive position within the market.

The statement "The efficiency of operations at Abyssinia Bank" also received a strong mean score of 4.20, indicating that employees perceive the bank's operations to be efficient. Likewise, "Abyssinia Bank's initiatives have contributed to the effective use of resources, reducing costs" garnered a mean score of 4.22, reflecting the effectiveness of the bank's initiatives in managing resources and controlling costs.

The statement "The overall performance of Abyssinia Bank has been enhanced" had a mean score of 4.28, showing that respondents strongly agree with the overall positive growth of the bank. Additionally, the statement "Knowledge application at Abyssinia Bank has helped the organization achieve its long-term strategic goals" received a mean score of 4.22, suggesting that the application of knowledge is seen as integral to the bank's success in achieving its strategic objectives.

The overall average mean score for the eight statements is 4.23, with a standard deviation of 0.80. This high average score indicates that employees generally have a positive view of Abyssinia Bank's organizational performance across various dimensions. The relatively low standard deviation suggests a consistent perception among respondents, with little variation in their opinions on the bank's performance.

In conclusion, the results indicate that employees view Abyssinia Bank as having made significant strides in enhancing its financial performance, customer satisfaction, operational efficiency, and market position. The bank's initiatives are seen as contributing to both short-term operational improvements and long-term strategic success, with knowledge application playing a crucial role in achieving these outcomes.

## **4.4. Inferential Statistical Analysis**

### **4.4.1. Correlation Analysis**

In correlation analysis, the strength of the relationship between two variables is measured using a correlation coefficient commonly Pearson's  $r$  which ranges from -1 to +1. This value indicates both the direction and strength of the relationship. A correlation coefficient between 0.00 and  $\pm 0.19$  suggests a very weak relationship,  $\pm 0.20$  to  $\pm 0.39$  indicates a weak relationship,  $\pm 0.40$  to  $\pm 0.59$  shows a moderate relationship,  $\pm 0.60$  to  $\pm 0.79$  reflects a strong

relationship, and  $\pm 0.80$  to  $\pm 1.00$  denotes a very strong relationship. A positive correlation means that as one variable increases, the other also increases, while a negative correlation means that as one variable increases, the other decreases. Understanding these patterns helps researchers interpret how closely related two variables are without implying causation. To examine the strength and direction of the relationship between the independent variables (knowledge management practices) and the dependent variable (organizational performance), Pearson correlation analysis was conducted. The results are summarized in the correlation matrix below.

Table 4. 7: Pearson Correlation Matrix

Variables	KA	KS	KR	KAP	OP
Knowledge Acquisition (KA)	1				
Knowledge Sharing (KS)	.612* *	1			
Knowledge Retention (KR)	.584* *	.598**	1		
Knowledge Application (KAP)	.637* *	.665**	.620**	1	
Organizational Performance (OP)	.589* *	.610**	.602**	.677* *	1

**Note: Correlation is significant at the 0.01 level (2-tailed).**

Source: survey Data, out pot, SPSS, 2025

Table 4.7 presents the correlation analysis examined the relationships between four dimensions of knowledge management practices knowledge acquisition, knowledge sharing, knowledge retention, and knowledge application—and organizational performance. The results reveal that all knowledge management variables have a positive and statistically significant relationship with organizational performance at the 0.01 significance level. Among these, knowledge application showed the strongest correlation ( $r = 0.677$ ), followed by knowledge sharing ( $r = 0.610$ ), knowledge retention ( $r = 0.602$ ), and knowledge acquisition ( $r = 0.589$ ). These findings suggest that organizations that effectively manage and utilize their knowledge resources tend to achieve higher levels of performance.

The strong positive correlations also indicate that improvements in one area of knowledge management are likely to reinforce other areas. For instance, the strong interrelationship between knowledge sharing and knowledge application ( $r = 0.665$ ) implies that sharing knowledge among employees enhances the ability to apply that knowledge in practice.

Similarly, the correlation between knowledge retention and other variables shows the importance of maintaining organizational memory for sustainable performance.

From a practical standpoint, the findings emphasize the importance of developing strategies and systems that promote knowledge acquisition, sharing, retention, and especially application. Organizations should invest in training programs, collaborative tools, and incentive structures that encourage knowledge utilization. Since the analysis does not imply causation, further research, such as regression analysis, is required to determine the specific contribution of each knowledge management dimension to organizational performance. Nonetheless, this analysis provides valuable insights for decision-makers aiming to enhance performance through effective knowledge management practices.

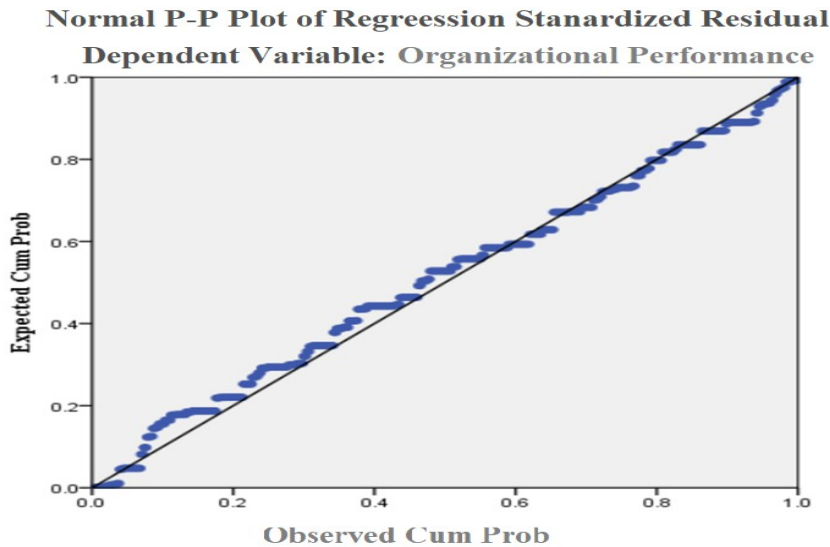
#### **4.4.2. Assumption of Multiple Regression Test**

Before conducting the multiple linear regression analysis, the major assumptions of the regression model were tested to ensure the validity and reliability of the results. The following assumptions were checked:

##### **1. Linearity Test**

A scatterplot of the standardized residuals against the predicted values was examined. The plot showed a random distribution of residuals, indicating a linear relationship between the independent variables (KM practices) and the dependent variable (organizational performance). The linearity test is conducted to examine whether there is a linear relationship between the independent variables and the dependent variable. Linearity is a key assumption in correlation and regression analysis, as these methods rely on the premise that changes in the independent variables result in proportional changes in the dependent variable. This can be assessed visually using scatter plots or statistically through curve estimation or lack-of-fit tests. In this study, the linearity assumption was evaluated to ensure the appropriateness of using Pearson correlation and multiple regression analysis for further statistical testing.

#### **Figure 4. 1: Linearity Test**

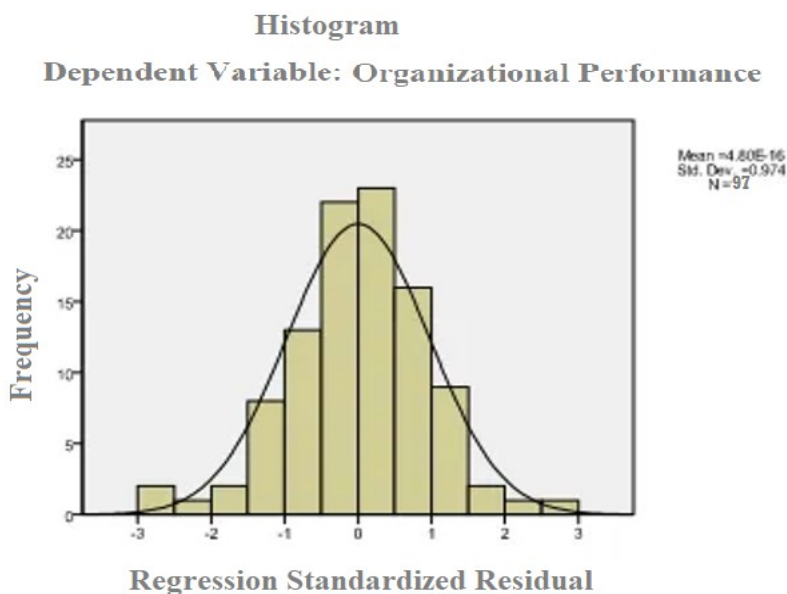


Source: Survey Data, 2025

## 2. Normality Test

The normality test is used to determine whether the data follows a normal distribution, which is an essential assumption for many parametric statistical analyses, including Pearson correlation and multiple linear regression. Normal distribution implies that the data is symmetrically distributed around the mean, with most values clustering near the center. In this study, the normality of the variables was assessed using both graphical methods (such as histograms and Q-Q plots) and statistical tests like the Shapiro-Wilk or Kolmogorov-Smirnov tests. The results indicated that the data did not significantly deviate from normality, confirming the suitability of using parametric techniques for further analysis.

**Figure 4. 2: Normality Test**



## 3. Multicollinearity

Multicollinearity was examined using Variance Inflation Factor (VIF) and Tolerance values. The VIF values for all independent variables were less than 10, and tolerance values were greater than 0.1, indicating no serious multicollinearity problems.

Table 4. 8: Multicollinearity

Variable	VIF	Tolerance
Knowledge Acquisition	1.769	0.565
Knowledge Sharing	1.825	0.548
Knowledge Retention	1.662	0.602
Knowledge Application	1.884	0.531

Source: Survey Data, 2025

Table 4.8 presents the results of the multicollinearity analysis for the variables: Knowledge Acquisition (KA), Knowledge Sharing (KS), Knowledge Retention (KR), and Knowledge Application (KAP). Multicollinearity occurs when independent variables in a regression model are highly correlated, potentially distorting estimates and compromising the reliability of the results. The table reports the Variance Inflation Factor (VIF) and Tolerance for each variable. VIF measures how much the variance of a regression coefficient is inflated due to multicollinearity, with values above 10 indicating significant multicollinearity. Tolerance is the reciprocal of VIF, where a value below 0.1 indicates serious multicollinearity. Interpretation of the table reveals that all variables (KA, KS, KR, KAP) have VIF values well below 10 and Tolerance values greater than 0.1, indicating that multicollinearity is not a significant issue for any of the variables. This suggests that the independent variables are not highly correlated with each other, ensuring that the regression analysis will yield reliable results.

#### 4. Homoscedasticity

The scatterplot of residuals indicated that the residuals were evenly spread across all levels of the independent variables. This confirms that the assumption of homoscedasticity (constant variance of errors) was satisfied.

**Table 4. 9: Homoscedasticity Test Results (Breusch-Pagan and White's Tests)**

Test Type	Test Statistic ( $\chi^2$ )	df	p-value	Decision
Breusch-Pagan	2.314	4	0.678	Homoscedasticity not rejected
White's Test	3.847	6	0.699	Homoscedasticity not rejected

Source: Survey Data, 2025

The results of Table 4.9, the homoscedasticity tests indicate that the assumption of constant variance in the error terms is met. Specifically, the Breusch-Pagan test yielded a chi-square value of 2.314 with 4 degrees of freedom and a p-value of 0.678, while the White's test produced a chi-square value of 3.847 with 6 degrees of freedom and a p-value of 0.699. Since both p-values are greater than the conventional significance level of 0.05, the null hypothesis of homoscedasticity is not rejected in either case. This suggests that there is no significant evidence of heteroscedasticity in the regression model, and therefore, the assumption of homoscedasticity is satisfied.

#### 5. Independence of Errors

The Durbin-Watson statistic was calculated to assess the presence of autocorrelation among the residuals. Table 4.10, the value obtained was 1.872, which falls within the acceptable range of 1.5 to 2.5. This result indicates that there is no significant autocorrelation, meaning the residuals are independent of each other. Therefore, the assumption of independence of errors is met, supporting the reliability of the regression analysis.

#### 4.4.3. Multiple Linear Regression Analysis

To assess the effect of knowledge management practices on organizational performance at Abyssinia Bank, a multiple linear regression analysis was conducted. The four independent variables considered were: Knowledge Acquisition, Knowledge Sharing, Knowledge Retention, and Knowledge

Table 4. 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.781	0.610	0.601	0.48321	1.872

Source: survey Data, out pot, SPSS, 2025

Table 4.10 presents the model summary for the regression analysis, showing a strong positive correlation between the independent variables and organizational performance, as indicated by an R value of 0.781. The R Square value of 0.610 suggests that 61% of the variance in organizational performance can be explained by the predictors Knowledge Acquisition, Knowledge Sharing, Knowledge Retention, and Knowledge Application. The Adjusted R Square of 0.601 further supports a good model fit after accounting for the number of predictors. The Std. Error of the Estimate is 0.48321, indicating a relatively good fit, and the Durbin-Watson value of 1.872 confirms that there is no significant autocorrelation in the residuals, as values between 1.5 and 2.5 are considered acceptable.

Table 4. 11: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	36.850	4	9.213	42.963	0.000 <sup>b</sup>
Residual	19.720	92	0.214		
Total	56.570	96			

Source: Survey Data, 2025

Table 4.11 presents the ANOVA results for the regression analysis, which assesses the overall significance of the model. The Sum of Squares for the regression is 36.850, and the residual sum of squares is 19.720, resulting in a total sum of squares of 56.570. The degrees of freedom (df) for the regression are 4, and for the residual, it is 92, which is calculated by subtracting the number of predictors (4) and the intercept (1) from the total number of respondents (97). The Mean Square for the regression is calculated by dividing the Sum of Squares by the df, yielding a value of 9.213 for the regression and 0.214 for the residual. The F-statistic, which is derived by dividing the regression mean square by the residual mean square, is 42.963. The Sig. value of 0.000 indicates that the model is statistically significant at  $p < 0.05$ , suggesting that the predictors significantly explain the variance in organizational performance.

Table 4. 12: Regression coefficient analysis of model

Predictors	Unstandardized Coefficients (B)	Standardized Coefficients (Beta)	Standard Error (SE)	t-value	p-value
Constant	1.043	—	0.325	3.21	0.002
Knowledge Acquisition	0.287	0.264	0.087	3.29	0.001**
Knowledge Sharing	0.243	0.225	0.087	2.81	0.006**
Knowledge Retention	0.198	0.183	0.080	2.47	0.015*
Knowledge Application	0.304	0.298	0.084	3.64	0.000**

Note: \* $p < 0.05$ , \*\* $p < 0.01$

Source: Survey Data, 2025

The regression coefficient analysis presented in Table 4.12 highlights the relationship between various predictors and the dependent variable. The constant term has an unstandardized coefficient of 1.043, which indicates the baseline level of the dependent variable when all predictors are at zero. The t-value of 3.21 and the p-value of 0.002

demonstrate that the constant term is statistically significant, providing a reliable reference point for interpreting the effect of the predictors on the dependent variable.

Among the predictors, Knowledge Acquisition has the highest unstandardized coefficient (0.287), suggesting that an increase of one unit in knowledge acquisition is associated with a 0.287 unit increase in the dependent variable. The standardized Beta coefficient of 0.264 indicates a moderate effect size relative to other predictors, and the p-value of 0.001 (\*\*p < 0.01) confirms that this effect is highly statistically significant. Similarly, Knowledge Sharing (B = 0.243, Beta = 0.225) and Knowledge Application (B = 0.304, Beta = 0.298) both exhibit significant positive effects, with p-values of 0.006 (\*\*p < 0.01) and 0.000 (\*\*p < 0.01), respectively. These results suggest that both knowledge sharing and application are key factors in influencing the dependent variable, with application having the strongest effect among the predictors.

On the other hand, Knowledge Retention also shows a significant positive relationship with the dependent variable (B = 0.198, Beta = 0.183), though its effect is slightly weaker compared to the other predictors. The p-value of 0.015 (\*p < 0.05) indicates that this relationship is statistically significant, albeit at a lower level than the other predictors. This analysis highlights that all four knowledge-related predictors' acquisition, sharing, retention, and application are positively related to the dependent variable, with knowledge application and acquisition being particularly influential. The statistical significance of all predictors supports the robustness of the model and suggests that improving knowledge management practices could have a strong positive effect on the outcomes being measured.

#### **4.5. Discussion Findings of Result Quantitative with Qualitative**

Quantitatively, knowledge acquisition had a mean score of 4.05, reflecting strong agreement among employees about the bank's encouragement of learning and innovation. A key informant confirmed: "We regularly organize workshops and partner with training institutions to help our staff stay updated". This aligns with Brown & Duguid (2020), who stress that structured knowledge acquisition supports adaptation in dynamic industries. The combination of internal training and external sourcing makes Abyssinia Bank responsive to changing market needs.

The descriptive mean for knowledge sharing was 4.1. Correlation analysis revealed a strong relationship with performance ( $r = 0.610$ ). One interviewee stated: "We have weekly briefings where we share challenges and propose solutions everyone's voice is heard". This is supported by Morrison and Robinson (2020), who found that collaborative cultures facilitate

trust-based knowledge sharing. These findings affirm that formal platforms and informal interactions at Abyssinia Bank foster an environment of open communication and learning.

Knowledge retention had a mean of 4.02 and correlated with performance at  $r = 0.602$ . From the interviews, one HR manager explained: “When employees leave, we pair them with successors to ensure they pass on their expertise”. This approach resonates with Wenger et al. (2019), who advocate mentorship and documentation systems as essential tools for retaining institutional memory. By using digital repositories and succession planning, the bank effectively minimizes knowledge loss during turnover.

Knowledge application received the highest mean (4.13) and strongest correlation to performance ( $r = 0.677$ ). A branch manager observed: “We solve client issues based on documented solutions from previous cases”. This mirrors findings by Khan & Zaman (2021), who noted that knowledge application improves service quality and innovation. The bank’s emphasis on turning stored knowledge into actionable strategies is a key driver of its success. Descriptive results yielded a mean of 4.23, with employees reporting improvements in revenue, customer satisfaction, and cost efficiency. One participant remarked: “We’re meeting our performance targets faster because knowledge is shared and reused efficiently”. This supports Tadesse & Tsehaye (2021), who found that KM significantly enhances operational effectiveness in Ethiopian banks.

All KM practices showed significant positive correlations with performance, reinforcing the importance of integrated KM. One manager emphasized: “The more we share and apply knowledge, the better our decisions and speed of service”. The literature by Li et al. (2020) further supports that high-performing firms rely heavily on dynamic KM processes to respond quickly to customer needs.

The model explained 61% of the variance in performance ( $R^2 = 0.610$ ) with a Durbin-Watson value of 1.872. An interviewee reflected: “Our progress is a result of consciously using what we know and building on it KM is part of how we think here”. Similar results were reported in a study by Abou-Moghli (2025), where KM explained over 60% of organizational performance across several African banks.

Inferential results showed that knowledge application ( $\beta = 0.304$ ) and acquisition ( $\beta = 0.287$ ) had the highest impact. Qualitative data supported this: “Learning is just the beginning. The real value comes when we apply that knowledge effectively”, said one knowledge staff member. This reflects Joseph et al. (2024), who found a similar pattern of KM dimensions’ influence on firm performance in East African financial institutions.

The convergence of quantitative and qualitative results confirms that effective KM leads to improved organizational outcomes. Participants noted barriers such as limited digital platforms but expressed optimism: “KM is helping us grow, but we still need better tech systems”. Mohaghegh et al. (2024) argue that digital tools and leadership support are crucial for scaling KM initiatives in developing economies. Abyssinia Bank appears well-positioned to enhance these systems and further integrate KM into its core operations.

## **CHAPTER FIVE**

### **5. SUMMARY, CONCLUSIONS, AND RECOMMENDATIONS**

#### **5.1 Summary**

The study examined the impact of knowledge management practices, specifically Knowledge Acquisition, Knowledge Sharing, Knowledge Retention, and Knowledge Application, on organizational performance at Abyssinia Bank. One of the key findings was that Knowledge Acquisition has a significant positive effect on organizational performance, with an unstandardized coefficient of 0.287. This indicates that the bank's ability to acquire new knowledge, whether from external sources or through training, enhances its performance. The results suggest that by continuously acquiring relevant knowledge, the bank can adapt more effectively to changes in the industry and improve its operational efficiency.

Knowledge Sharing also demonstrated a positive relationship with organizational performance, with a coefficient of 0.243. This implies that when employees actively share knowledge, it fosters a more collaborative work environment, leading to better decision-making and problem-solving within the bank. Encouraging knowledge sharing through internal networks, workshops, and team collaboration can significantly contribute to the bank's overall performance. This finding emphasizes the value of a knowledge-sharing culture that promotes innovation and continuous improvement.

The impact of Knowledge Retention on organizational performance was positive but slightly weaker, with a coefficient of 0.198. This finding indicates that maintaining and retaining crucial knowledge within the organization is essential for its sustained success. The ability to

preserve institutional knowledge, especially when experienced employees leave or retire, helps ensure that the bank does not lose valuable expertise. The study highlighted the importance of implementing strategies for knowledge preservation, such as knowledge repositories and mentoring programs, to mitigate the risks of knowledge loss.

Knowledge Application emerged as the most influential factor affecting organizational performance, with an unstandardized coefficient of 0.304 and the highest standardized Beta value of 0.298. This suggests that the effective use of acquired knowledge plays a pivotal role in driving the bank's success. The study found that knowledge application in day-to-day operations, decision-making, and strategic planning significantly enhances performance. It also underscores the importance of aligning acquired knowledge with practical applications that can contribute to the bank's operational and strategic objectives.

The study's regression analysis revealed that the combined knowledge management practices explained approximately 61% of the variance in organizational performance (R Square = 0.610). This indicates that knowledge management is a critical determinant of performance at Abyssinia Bank. Furthermore, the model was statistically significant, with a p-value of 0.000, indicating that the results are reliable. These findings emphasize that knowledge management practices, including acquisition, sharing, retention, and application, are not only interrelated but also integral to the bank's competitive advantage and long-term success.

## **5.2 Conclusions**

Based on the findings of this study, it can be concluded that knowledge management practices, specifically Knowledge Acquisition, Knowledge Sharing, Knowledge Retention, and Knowledge Application, have a significant and positive impact on the organizational performance of Abyssinia Bank. Each of these practices contributes to the overall success of the organization, although their levels of influence vary. Knowledge Acquisition is essential for the bank to stay competitive and adapt to industry changes. The ability to access and absorb new knowledge ensures that the bank remains informed about emerging trends and innovations, which ultimately enhances its decision-making processes and operational efficiency.

Knowledge Sharing plays a vital role in fostering a collaborative and innovative work environment. The study concluded that when employees exchange information and insights, it leads to improved problem-solving and decision-making within the bank. Therefore, creating an organizational culture that values and encourages knowledge sharing can significantly improve team performance and organizational agility.

The study also emphasized the importance of Knowledge Retention, which, although slightly less influential than other practices, remains a critical component for sustaining long-term organizational success. Retaining valuable knowledge, particularly expertise and experience, ensures continuity and minimizes disruptions caused by employee turnover. Implementing strategies to protect and preserve knowledge, such as knowledge management systems or mentoring programs, is vital for maintaining a strong knowledge base within the bank.

Knowledge Application emerged as the most powerful factor affecting organizational performance, highlighting the importance of translating knowledge into actionable outcomes. The study concluded that the ability to apply acquired knowledge in practical settings, whether in decision-making, operations, or strategic planning, is crucial for achieving superior performance. Knowledge application drives innovation and enables the bank to stay ahead of competitors, making it a cornerstone of the bank's overall success.

Finally, the study reinforced the notion that knowledge management is not a standalone process but a comprehensive, interconnected system that, when effectively implemented, can have a significant impact on organizational performance. The findings suggest that Abyssinia Bank should continue to invest in its knowledge management practices, ensuring that these processes are optimized to achieve sustainable growth and competitive advantage in the banking sector.

### **5.3 Recommendations**

1. Abyssinia Bank should invest in improving knowledge acquisition by fostering a learning environment that encourages the continuous acquisition of new knowledge and skills. This could involve regular training programs, workshops, and collaborations with industry experts to stay updated with the latest trends and technologies.
2. The bank should implement strategies to encourage knowledge sharing across departments and teams. This can include creating internal platforms for knowledge exchange, fostering a culture of collaboration, and recognizing employees who actively share their knowledge with others.
3. The bank should focus on creating a framework for knowledge retention to ensure that critical organizational knowledge is not lost, particularly when employees retire or leave the organization. This could involve documenting key processes, building knowledge management systems, and mentoring programs to transfer knowledge from experienced to less experienced employees.

4. To maximize the benefits of knowledge management, the bank should focus on applying acquired knowledge effectively in day-to-day operations. This could include aligning knowledge with strategic decision-making, improving customer service, and streamlining operations through the application of best practices.
5. The bank should regularly evaluate its knowledge management practices to ensure they are aligned with the organization's goals and objectives. Continuous feedback loops can help identify gaps and areas for improvement, ensuring that knowledge management remains a key driver of organizational performance.

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**Appendix**  
**Appendix A**  
**Debre Markos University**  
**College of Business and Economic**  
**Department of Management**

**Dear Respondent,**

Greetings!

My name is W/ro Serkalem Marye, and I am a student of the department of management, College of Business and Economics at Debre Markos University. I am conducting a research study to explore the effect of Knowledge Management (KM) practices on organizational performance, specifically focusing on Abyssinia Bank in the Bahir Dar District.

The purpose of this questionnaire is to gather valuable insights from you regarding the KM practices at Abyssinia Bank and how they influence the bank's performance. Your responses will contribute significantly to the success of this study and help provide recommendations for improving KM practices in Ethiopian private banks.

Please note that your participation is voluntary and your responses will be treated with the utmost confidentiality. The data collected will be used for academic purposes only, and no personal information will be shared with third parties. You may withdraw from the study at any time without any negative consequences. The questionnaire consists of a series of questions related to knowledge management practices, your experience with them, and your perspectives on their effect on organizational performance. I kindly ask for your honest and thoughtful responses to help provide accurate and valuable findings.

**Your participation is greatly appreciated.**

Thank you for your time and cooperation.

**Part one : Demographic Information** *(Please indicate your response by ticking the appropriate letters.)*

1. Gender: A. Male B. Female
2. Age Group: A. 18-25 B. 26-35 C. 36-45 D. 46-55 E. 56 and above
3. Educational Qualification: A. High School B. Diploma C. Bachelor's Degree D. Master's Degree
4. Position at Abyssinia Bank: A. Entry-level B. Mid-level Management C. Senior-level Management
5. How long have you been working at Abyssinia Bank? A. Less than 1 year B. 1-3 years C. 4-6 years D. 7-10 years E. More than 10 years

**Part Two: Effect of Knowledge Management (KM) practices**

**1: Knowledge Acquisition**

Survey Question	1	2	3	4	5
1. Abyssinia Bank encourages employees to generate new ideas and knowledge.					
2. There are formal processes in place for Acquisition new knowledge within the bank.					
3. The bank invests in innovation and research activities to foster knowledge creation.					
4. Employees are provided with the necessary resources and support to Acquisition new knowledge.					
5. Knowledge Acquisition is a core part of Abyssinia Bank's organizational culture.					
6. The bank promotes a collaborative environment where employees can Acquisition new knowledge together.					
7. There are incentives or rewards for employees who contribute new ideas and knowledge to the bank.					
8. The leadership of Abyssinia Bank actively supports knowledge Acquisition initiatives.					

**2. Knowledge Sharing**

Survey Question	1	2	3	4	5
1. Abyssinia Bank has formal mechanisms in place for employees to share knowledge.					
2. Employees frequently exchange knowledge and best practices with their					

colleagues.					
3. The bank promotes collaboration between departments to enhance knowledge sharing.					
4. There are tools or platforms that facilitate the sharing of knowledge among employees.					
5. The bank encourages a culture where employees openly share knowledge and information.					
6. Knowledge sharing activities at Abyssinia Bank improve organizational performance.					
7. Employees are recognized or rewarded for their contributions to knowledge sharing.					
8. Leadership at Abyssinia Bank encourages knowledge sharing through example and support.					

### 3: Knowledge Retention

Survey Question	1	2	3	4	5
1. Abyssinia Bank has systems in place to capture and store critical knowledge.					
2. The bank has a clear strategy for retaining knowledge from employees who leave the organization.					
3. Knowledge management tools (e.g., databases, intranet) are used to store and retrieve important knowledge.					
4. Abyssinia Bank invests in maintaining knowledge repositories and documentation systems.					
5. Mentorship and training programs are used to transfer valuable knowledge to new employees.					
6. The bank ensures that important organizational knowledge is preserved even during employee turnover.					
7. Abyssinia Bank has a well-defined process for transferring knowledge between departments or teams.					
8. Employees are encouraged to document and share their knowledge to ensure its retention within the organization.					

### 4: Knowledge Application

Survey Question	1	2	3	4	5
1. Abyssinia Bank effectively applies the knowledge acquired through its knowledge management systems to improve decision-making.					
2. The bank uses knowledge from various departments to solve operational					

challenges and improve performance.					
3. Knowledge gained through knowledge management practices is regularly applied to innovate products and services.					
4. Abyssinia Bank's employees are encouraged to apply the knowledge they share to improve their daily work processes.					
5. The application of knowledge is a key factor in achieving the bank's strategic goals and objectives.					
6. The bank has established mechanisms to track and evaluate the application of knowledge in decision-making.					
7. Knowledge application at Abyssinia Bank contributes to improved customer satisfaction and service delivery.					
8. The bank's knowledge application processes are well integrated with its overall operational strategies.					

### **Measurement Organizational Performance**

<b>Survey Question</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>
1. Abyssinia Bank's financial performance has significantly improved.					
2. The bank has experienced growth in its revenue and profitability.					
3. Abyssinia Bank has achieved higher customer satisfaction.					
4. practices have positively impacted the bank's market share and competitive position.					
5. The efficiency of operations at Abyssinia Bank.					
6. Abyssinia Bank's initiatives have contributed to the effective use of resources, reducing costs.					
7. The overall performance of Abyssinia Bank has been enhanced.					
8. At Abyssinia Bank has helped the organization achieve its long-term strategic goals.					

**Appendix B**  
**Debre Markos University**  
**College of Business and Economic**  
**Department of Management**

**Dear Respondent,**

Greetings!

This interview guide is part of a research study on the effect of knowledge management practices on organizational performance, with a focus on Abyssinia Bank in the Bahir Dar District. The purpose is to gain deeper insights from key personnel regarding the practical application, challenges, and impacts of KM in the organization. Your responses will be kept confidential and used only for academic purposes.

**Interview questions**

1. How does Abyssinia Bank support the creation and acquisition of new knowledge among its employees?
2. What initiatives or practices are in place to facilitate knowledge sharing between employees and departments within the bank?
3. What challenges does the bank face regarding knowledge sharing and retention, and how are they addressed?
4. How does Abyssinia Bank retain critical knowledge, especially during staff turnover or restructuring?
5. Can you describe how the bank applies acquired knowledge to improve operational efficiency and decision-making?
6. In your view, how have knowledge management practices impacted the bank's performance in terms of revenue, customer satisfaction, or competitiveness?