

# SIGNIFICANCE OF ORGANIZATIONAL STRUCTURE ON KNOWLEDGE MANAGEMENT AND BANKING FINANCIAL PERFORMANCE

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## Abstract

The key aim of the current research was to investigate the influence of knowledge management on banking financial performance, where it also tried to assess the moderating role of organizational structures in the causal links. The current work applied a survey research design and targeted 500 banking institutes in Vietnam, but only 328 suitable institutes provided adequately needed information for analyses. The analyses of multiple regressions and hierarchical regressions were employed to statistically check causal relationships and the moderating role of organizational structure in the research model. The empirical findings revealed the impacts of knowledge management and organizational structures on banking financial performance. More importantly, it found out the moderation of organizational structures in the causal linkage from knowledge management to banking financial performance. The empirical results allow executives to know how to decide on suitable organizational structures that should match the accepting level of knowledge management in banking, so that they can improve banking financial performance.

**Keywords:** Knowledge management, banking financial performance, Organizational structure, Vietnam

**GEL classifications:** C51, D22, D83, M19, M41, L25

## INTRODUCTION

Banks have played an increasingly essential role in a modern economy by guaranteeing monetary intermediation for people and corporations to use bank accounts when they sell or buy products and services (Ngahu & Mbugua 2017). It has been broadly acknowledged that banks make important contributions to business activities, innovation, employment and prosperity establishment for the national economy; therefore, banking financial effectiveness is vital not only to the shareholders, but also other stakeholders (Ongore & Kusa, 2013). A soundness and efficiency of the banking industry can accumulate savings and allow allocate the most useful investments, thus encouraging innovation and economic development. The banking industry is a knowledge concentrated sector in which knowledge is interconnected greater than goods and services (Shih et al. 2010).

Furthermore, from Yap et al. (2010), organizational success is considerably reliant on the management of knowledge, which because could allow corporations to create long-term core strengths and sustain competitive advantages in the vigorously fluctuating environments of business. The management of knowledge has broadly been recognized as the process of converting intellectual assets into long-lasting value in business and gradually more significant to business as the value of creativeness resulting in transforming one form of

knowledge to another, is considered in business (Carneiro, 2000). Additionally, the management of knowledge has also been established as the practice of creating, arresting and using knowledge to enhance the best organizational effectiveness (Edwards et al. 2005). Consequently, it has expected a continuous and growing attention to theoretical and practical aspects (Mubarak 2013).

Based on Walczak, S. (2005), operative controlling of intellectual capital is a serious matter that the corporations operating in the information-driven business environment confront. The management of knowledge is not actually on controlling knowledge, but controlling as well as generating an organizational culture facilitating and encouraging the proper usage and formation of knowledge which results in an organizational competitive advantage.

With the ongoing globalization, corporations are confronting extreme pressure in successfully managing the intellectual capital. Corporations attempting to recommend an inventiveness of knowledge management without sound organizational structure likely shortly discover the management of knowledge in business will not obtain benefits (Zammuto & O'Connor, 1992; Goh, 2003; Nahm et al., 2004). In addition, from Gold et al. (2001), organizational structure is an essential element to leverage technology. More explicitly, structures of organization ought to be supple to stimulate creation, utilization and sharing of knowledge across units.

Tobin and Franze (2005) pursued to ascertain the role of organizational structure in the management of knowledge inside business. The findings revealed the incorporation of knowledge is likely utilized as the underpinning for organizational design and a strong incorporation of knowledge could offer maintainable competitive advantages. The management of knowledge is one of the most vital factors leading to banking financial performance (Ahmed et al. 2015); however, it is determined by organizational structure (Mahmoudsalehi et al. 2012), which in turn imposes an imperative influence on organizational performance (Farhanghi et al. 2013), because it is considered as a valuable source of competitive advantages (Pertusa- Ortega 2010).

Therefore, identifying the influence of organizational structure on the management of knowledge as well as its significance in generating, allocation and usage of knowledge, which can offer maintainable competitive advantages for business resulting in the best organizational performance, is indispensable for businesses (Mahmoudsalehi et al. 2012). Overall, an active interaction between organizational structure and the management of knowledge in business is emphasized for maintainable competitive advantages (Jamil et al. 2017). It has been documented knowledge that is outside achieved is possibly controlled through operative internal practices such as organizational structure. Accordingly, it is needed to thoroughly explore the linkages among the management of knowledge, organizational performance and organizational structure of business.

Furthermore, Oh (1999) asserted that Vietnam undertook an extensive range of reforms to transfer from a centralized economy to a market-orientated one. In spite of ultimate structural variations, the mobilization and allocation of resources by banks have been still humble.

Furthermore, Tran et al. (2015) asserted the banking sector in Vietnam has developed immensely to an enormous network of financial institutes. Vietnam's government has introduced numerous reforms of banking for several years to increase the effectiveness of banking.

Albeit structural changes of banking in Vietnam have been extensive and greatly positive, a lengthy list of practices to enhance or address still exist for the banking sector there. . Moreover, critical competition among numerous banks in an economy requires them to discriminate their capacity of employing and converting knowledge, so that they can achieve competitive advantages over opponents (Kinyua et al. 2015). Vietnam is selected for the current study, because it is currently one of the most dynamic developing economies in the world in general and in the East Asia region in particular.

To the best of my belief, only a few of the extant scientists have undertaken adequate research on the moderation of organizational structure in the linkage between the management of knowledge and organizational performance in the world in general and in Vietnam in particular. The current work attempted to assess the causal correlation from knowledge management practices to banking organizational performance, in which it took the moderating role of organizational structure into knowledge management practices to banking organizational performance of banks in Vietnam. The empirical results are expected to deliver academics and administrators with an improved understanding of the intricate relation from organizational structure to knowledge management and banking organizational performance, so that they can decide on how organizational structure and knowledge management to be chosen to enhance their banking organizational performance. The current work continues as below. A hypothetical frame work summarizing the literature is illustrated in the succeeding part, followed by a research design that displays how research data is collected and evaluated. Another following part demonstrates the empirical results, and then, the final part offers some discussions and conclusion.

## **THEORETIC FRAME WORK**

Management of knowledge is significant to the achievement of businesses. Several scientists have recognized the acceptance of knowledge management in business can develop more value to financial performance in general (Droge et al. 2003; Mahmoud Salehi et al. 2012) and to banking financial performance in particular (Ahmed et al. 2015). The acceptance of knowledge management could result in organizational efficiency; however, it is determined by organizational structure (Tobin and Franze 2005), which is in turn one of the most vital antecedents of banking financial performance (Farhanghi et al. 2013). The causal bonds among the acceptance of knowledge management, banking financial performance, and organizational structure is going to be argued below.

### **1. Knowledge management on banking financial performance**

Knowledge management is accepted in business to manage organizational knowledge to create superior competitive advantages that will then enhance organizational performance.

Furthermore, Lakshman (2007) referred to knowledge management as a business capability that enables workers to work together to produce, seizure, share, and control the cooperative knowledge, leading to enhanced organizational performance.

Prior research projects have discovered the implementation of knowledge management in business will make organizations quicker, more innovative and effective. A study by Droge et al. (2003) inferred the use of management of knowledge in business could result in value-added financial performance for organizations. Moreover, McKeen et al. (2006) in their research on knowledge management and organizational performance asserted the systems of knowledge management in business are directly connected with organizational performance. They pointed out the acceptance of knowledge management might influence businesses in two key ways. First, management of knowledge may generate knowledge that will likely then add enhanced organizational performance to firms. Second, management of knowledge could directly make enhancements in organizational performance. Therefore, management of knowledge is regarded a crucial element in creating competitive advantages and also augmenting organizational performance (Chen & Huang 2009; Jamil 2017). Additionally, Salojärvi et al. (2005) confirmed the management of knowledge is associated with organizational growth; whereas Hsu et al. (2007) affirmed the magnitude of accepting knowledge management is correlative to organizational performance. Another study on the management of knowledge and organizational performance by Zack et al. (2009) emphasized there is a significant association between the management of knowledge and organizational performance.

Numerous studies (e.g. Imran 2014; Ahmed et al. 2015; Ngahu & Mbugua (2017) pursued to scrutinize the connection between the management of knowledge and banking financial performance. They utilized descriptive statistics review the research data and applied regression analyses to demonstrate the nature of the correlation between the management of knowledge and banking financial performance. The findings revealed a positively significant association between the management of knowledge and banking financial performance.

Kridan and Goulding (2006) underlined the significance of running knowledge in banking institutes. The adoption of knowledge management likely results in improvements in goods, which can enhance banking financial performance. Al-Dmour et al. (2020) tried to contribute to the theory by banks operating in an emerging nation. It empirically scrutinized and confirmed the role of innovation as intermediaries between knowledge management and banking organizational performance. The chief empirical results unveiled the management of knowledge is significantly related to banking organizational performance. Anchored in the above mentioned arguments, it can hypothesize the below hypothesis.

H1: The acceptance of knowledge management in business likely improves banking organizational performance.

## **2. Organizational structure on knowledge management and banking financial performance**

Various scholars confirmed organizational structure plays a vital role in enabling organizations to accept management of knowledge in business (Walczak 2005; Chen & Huang 2007, Tobin and Franze 2005; Claver & Cortés et al. 2007; Yap et al. 2010, Lichtarski 2009; Mahmoudsalehi et al. 2012; Enayati & Ghasabeh 2012; Alawamleh & Kloub 2013; Wahba 2015). For example, Walczak (2005) recommended and assessed an innovative organizational structure that boosts the management of knowledge in business. The results suggested knowledge sharing structure provides executives a practical way to share knowledge, which is commonly recognized as a theoretical benefit of knowledge management. Means to decline acknowledged barriers to business variation are designated to promote the application of the knowledge sharing structure. In addition, Chen and Huang (2007) affirmed that organizational structure is positively related to the acceptance of knowledge management.

Tobin and Franze (2005) studied whether organisational structure influences organisational ability to share knowledge inside firms. The outcomes offer a strong theory base that indicates the integration of knowledge may be applied as the base for organisational design, which could deliver a sustainable competitive advantage in business. Claver- Cortés et al. (2007) indicated the management of knowledge that is likely a prospective underpinning of competitive advantages has reached power for several years. Nonetheless, numerous business activities are required to produce a suitable environment and infrastructure for knowledge formation, allocation and adoption. Among these activities, the design of an organizational structure, the connection of which with knowledge management is a leading concern. More explicitly, the current research has its key aim to ascertain the characteristics of organizational structure facilitating improvements in the management of knowledge.

Lichtarski (2009) verified the acceptance of knowledge management is likely attached with organizational structure. Normally, corporations with the most organic structures displayed the most developed practice of knowledge management. Furthermore, various researchers denoted organisational structure plays a vital role in the acceptance of knowledge management (Yap et al. 2010; Enayati & Ghasabeh 2012). In addition, Mahmoudsalehi et al. (2012) identified the influence of organizational structure on management of knowledge and recognized the role of each indicator in creating, sharing and usage of knowledge. The findings proposed organizational structure is positively related to management of knowledge and extended theoretical implications for effects of organizational elements on the management of knowledge. Some characteristics of organizational structure will improve management of knowledge.

Numerous studies investigated the influence of organizational structure on the acceptance of knowledge management in the insurance sector. The outcomes presented there is a statistically significant effect of organizational structure on management of knowledge in business (Alawamleh & Kloub 2013; Wahba 2015).



Organizational structure is confirmed one of the determinants of knowledge management in business, but it is also evidenced as a vital driver of banking organizational performance (Klein & Saidenberg 1999). Likewise, Pertusa & Ortega et al. (2010) stressed decisions on organizational structure is extremely significant achieve competitive advantages which can increase financial performance. The empirical results demonstrate organizational structure is not directly related to financial performance, but is indirectly connected to it via another element.

Farhanghi et al. (2013) explored the connection between organizational structure and financial performance, indicating evidence where organizational structure is one of the most important determinants of financial performance. As one of the first researchers who have offered statistical evidence on the comparative merits of various organizational structures, Ferri et al. (2014) advocated support for the argument suitable organizational structures are worth applying in business. Similarly, according to Njiru (2014), the significance of organizational structure in aligning organizational success and financial performance has been increasingly recognized. In line with this perspective, Njiru and Nyamute (2018) tried to determine the impact of organizational structure on banking financial performance and documented the banking organizational structures of formalization, complexity and centralization decide financial performance, indicating the effect of organizational structure on financial performance.

Anchored in Angelkoska (2021), to obtain success, banks have continuously undertaken changes in organizational structure. Banking organizational structures are intricate and specific for the whole banking system and also for each financial institute. Changes in banking organizational structures likely exert a positive influence on banking performance. Moreover, with sound changes in the banking organizational structure, the theory and the practice affirm vital developments in banking organizational performance. Furthermore, Boussenna (2021) contented corporations should decide on a flexible organizational structure to encourage the making, sharing and application of knowledge within business. The organizational structure has been chiefly stressed as an essential element leading to the success of knowledge management as well as financial performance. Therefore, it could suggest organizational structure affects the linkage amid knowledge management and financial performance in general and banking financial performance in particular through moderating mechanisms. Overall, it can conjecture the below hypotheses.

H2: Organizational structure likely increases the acceptance of knowledge management in business

H3: Organizational structure likely enhances banking organization all performance

H4: Organizational structure likely moderates the linkage between knowledge management and banking organizational performance

## RESEARCH DESIGN

### 1. Measurement of Variables

**Acceptance of knowledge management (KNM)** is judged on the 5 elements (Oztekin et al. 2015), which are knowledge usage, knowledge arrangement, knowledge creation, informal knowledge sharing and formal knowledge sharing. A 5-point scale from (1) strongly disagree to (5) strongly agree with each of the five elements of knowledge management is applied to compute the results. **Banking financial performance (BFP)** is judged on the 3 elements (Ongore & Kusa 2013). Return on equity (ROE) is a financial ratio that refers to how much earnings an organization made in comparison with the total amount of equity capital, a net income after the taxes divided by the total equity capital. Return on asset (ROA) is another key ratio indicating banking profitability, a ratio of the total income to its total asset. Net interest margin (NIM) is a difference between the interest income of a bank and the amount of interest paid out to its lenders, comparative to the amount of assets, as the net interest income divided by the total earnings asset. **Organizational structure (ORT)** is estimated on 3 indicators (Njiru & Nyamute 2018). **Formalization (FOR)** consists of 6 elements; **Complexity (COP)** consists of 4 elements; and **Centralization (CNT)** consists of 5 elements. There were totally 15 elements sharing in the three indicators. A 5-point scale from (1) strongly disagree to (5) strongly agree with each of the 15 elements of organizational structure is used to calculate the results.

### 2. Collection of Data

To collect research data, this research was based on the population of banks and banking branches in Vietnam. There was a total of 3810 banks and banking branches at the research time. An initial test was undertaken with 30 executives related to the management of knowledge to certify that the instruments in analyses were usable and appropriate. Wholly, the research sample included 500 banking institutes. The first solicitations were delivered to acquire reactions from main informers with experienced in the management of knowledge. For each of the 500 banking institutes, a knowledge management executive or an executive relevant to the management of knowledge was engaged in completing a questionnaire. Of 500 questionnaires delivered, 394 were returned, where 66 questionnaires did not satisfy needed information. Lastly, only 328 suitable answers with sufficiently needed information were gathered for analyses. This number of usable observations surpasses the smallest threshold of the sampling size recommended by Peck et al. (2015). Vietnam was nominated for the existing research because Vietnam was one of the speediest developing countries. Additionally, as one of the most populous countries in Southeast Asia after Indonesia and the Philippines, Vietnam is expected to contribute considerably to the regional economy as well as the world. The vigorous and quick business environment enables banking institutes in Vietnam to focus on effective managerial practices sustain maintainable development

### 3. Analysis of Data

The analyses of Chronbach's  $\alpha$  reliability were performed to test the properties of measuring constructs as well as the elements constituting the constructs. Furthermore, the analysis of Chronbach's  $\alpha$  reliability is to evaluate the degree to which various elements of the same construct agree with one another. It delivers useful information about the relations among separate elements in the construct. If the bond is strong, the construct can produce consistent results indicating good reliability. Moreover, the analysis of the confirmatory factor was employed to examine the Goodness-of-fit of the measurement model. To statistically check causal relationships, analyses of multiple regressions were employed. Subsequently, the moderating role of organizational structure in the management of knowledge and banking organizational performance was investigated applying the analyses of hierarchical regressions, which undertook two single regressions.

### EMPIRICAL RESULTS

The personal information statistics of the respondents are delivered in Table 1, providing information concerning the gender, age, experience status of the respondents and the kind of banks. The figures displayed 20.12% of the observations is female, indicating that the male is dominant in the executive posts of the banking industry with 79.88%. The ages of the respondents in Table 1 indicate that, the executive posts in the banking industry fall in the young segmentation of age. The respondents aged under 40 (years) make up 73.79%, mainly ranging from 15 to 40 (years) with 71.05%. The respondents of under 25 (years) or from 25 to under 30 (years) only account for 2.74% for each kind. The amount of respondents aged equal or above 60 (years) only constitutes 0.91%. The amount of 40 to under 45 (years) account for 9.76%; whereas that of 50 to under 55 (years) makes up 3.35%. The amount of respondents aged 45 to under 50 (years) is 9.45%. For experience, 88.41% of the respondents are in the experience from under 5 to 20 to under 25 (years). While the amount of respondents experienced in 25 to under 30 (years) makes up 6.71%, that of equal or above 30 (years) is 4.88%. As regards banking kind, figures show 49.70% of the respondents be a member of the public banking sector, whereas 50.30% belongs to the private banking sector.



**Table 1: Respondents' information statistics**

	Features	Frequency	Percentage
<b>Gender</b>	Male	262	79.88%
	Female	66	20.12%
	<b>Total</b>	<b>328</b>	<b>100%</b>
<b>Age</b>	under 25 (years)	9	2.74%
	25 to under 30 (years)	79	24.09%
	30 to under 35 (years)	82	25.01%
	35 to under 40 (years)	72	21.95%
	40 to under 45 (years)	32	9.76%
	45 to under 50 (years)	31	9.45%
	50 to under 55 (years)	11	3.35%
	55 to under 60 (years)	9	2.74%
	equal or above 60 (years)	3	0.91%
	<b>Total</b>	<b>328</b>	<b>100%</b>
<b>Experience</b>	under 5 (years)	82	25.00%
	5 to under 10 (years)	94	28.66%
	10 to under 15 (years)	48	14.63%
	15 to under 20 (years)	35	10.67%
	20 to under 25 (years)	31	9.45%
	25 to under 30 (years)	22	6.71%
	equal or above 30 (years)	16	4.88%
	<b>Total</b>	<b>328</b>	<b>100%</b>
<b>Banking kind</b>	Public region	163	49.70%
	Private region	165	50.30%
	<b>Total</b>	<b>328</b>	<b>100%</b>

**Table 2: Chronbach's  $\alpha$  reliability**

Construct	Lowest element - total correlation	Cronbach's $\alpha$	No. of elements
KNM	0.613	0.838	5
BFP	0.602	0.811	3
FOR	0.612	0.856	6
COP	0.647	0.827	4
CNT	0.696	0.886	5

The inside uniformity of the elements was investigated by applying the analyses of Chronbach's  $\alpha$  reliability (Peck et al. 2015). The results are exhibited in Table 2. The element - total correlations all surpass the smallest reasonable levels of 0.5 (0.613; 0.602; 0.612; 0.647; 0.696). All of the Cronbach's  $\alpha$ s are greater than the 0.7 lowest threshold. These

figures show all the constructs enjoy adequate inside reliability; therefore all of the variables in the research model are appropriately taken into next analyses.

Additionally, the analysis of the confirmatory factor was applied to test the Goodness-of-fit of the measurement model. The outcomes are exhibited in Table 3. The figures demonstrate satisfaction of the goodness-of-fit in the measurement model (Koufaris & Hampton-sosa 2002). The  $\chi^2/df$  (1.982) is smaller than the largest level of 3. Furthermore, the TLI (Tucker-Lewis indicator) obtains the value of 0.913 and the CFI (Comparative fit indicator) achieves the value of 0.918; both of which are above the 0.9 suitable value. In addition, the RMSEA (Root mean square error of approximation) gains a 0.068 value under the 0.07 desirable level. These findings can provide statistical evidence on the Goodness-of-fit of the measurement model.

**Table 3: Goodness of fit**

Fit indicators	$\chi^2/df$	TLI	CFI	RMSEA
Coefficient	1.982	0.913	0.918	0.068

After the measurement model is confirmed to gain the Goodness-of-fit as well as the scales utilized in analyses are ensured to achieve reliability, the summated constructs were computed for the analyses of multiple regressions to explore the causal association among the acceptance of knowledge management, organizational structure and banking financial performance, where the moderating role of organizational structure in the research model was analyzed by using the analyses of hierarchical regressions. The findings were exhibited in Tables 4 & 5.

The figures in Table 4 demonstrate the acceptance of knowledge management and banking financial performance are interplayed. The acceptance of knowledge management statistically influences banking financial performance at a significance value of 1% with a 0.183 influential coefficient. The goodness of fit obtains an F of 113.324 at a 1% significance value. These findings imply a greater accepting level of knowledge management in banking likely leads to a greater banking financial performance (Model 1). Therefore, the hypothesis H1 is statistically supported. Likewise, in Model 2, the goodness of fit obtains an F of 104.735 at a 1% significance value. Three elements (FOR, COP & CNT) of organizational structure statistically influence the acceptance of knowledge management in banking at a significance value of 10% with influential coefficients of 0.085, 0.170 and 0.067 respectively. Consequently, the hypothesis H2 is statistically supported. Furthermore, in Model 3, the goodness of fit obtains an F of 104.735 at a 1% significance value.

**Table 4: Regression Analyses**

Dependent variable	Independent variable	Coefficients	Std. Error	t	P <sub>t</sub>	F	P <sub>F</sub>
1. BFP	C <sub>0</sub>	0.086	0.042	2.042	0.041	113.324	0.000
	KNM	0.183	0.062	2.891	0.003		
2. KNM	C <sub>0</sub>	0.083	0.041	1.994	0.047	124.112	0.000
	FOR	0.085	0.049	1.908	0.056		
	COP	0.170	0.090	1.907	0.057		
	CNT	0.067	0.036	1.868	0.062		
3. BFP	C <sub>0</sub>	0.081	0.039	2.039	0.042	104.735	0.000
	KNM	0.175	0.082	2.105	0.035		
	FOR	0.171	0.071	2.285	0.026		
	COP	0.078	0.038	1.996	0.045		
	CNT	0.178	0.089	1.995	0.046		
4. BFP	C <sub>0</sub>	0.078	0.038	2.013	0.043	79.863	0.000
	KNM	0.189	0.091	2.115	0.034		
	FOR	0.168	0.063	2.185	0.031		
	COP	0.076	0.035	2.102	0.036		
	CNT	0.171	0.089	1.912	0.054		
	FOR*KNM	0.083	0.046	1.992	0.048		
	COP*KNM	0.123	0.036	3.331	0.001		
	CNT*KNM	0.239	0.077	3.258	0.002		

Three elements (FOR, COP & CNT) of organizational structure statistically influence banking financial performance at a significance value of 5% with influential coefficients of 0.171, 0.078 and 0.178 respectively. As a result, the hypothesis H3 is statistically supported. The moderating role of organizational structure in the causal connection from the acceptance of knowledge management to banking financial performance was reflected by utilizing the analyses of hierarchical multiple regressions. From Model 3, interactions were included to the model to undertake the analyses of hierarchical multiple regressions in Model 4.

As revealed in Model 3, KNM ( $\beta = 0.175; p_t < 5\%$ ) and 3 elements (FOR, COP & CNT) of organizational structure ( $\beta = 0.171, 0.078 \text{ \& } 0.178; p_t < 5\%$ ) significantly determine BFP at the 5% significance level. In Model 4, the interaction of FOR\*KNM ( $\beta = 0.083, p_t < 5\%$ ) significantly affects BF Pat the 5% significance level; while the interactions of COP\*KNM ( $\beta$

= 0.123,  $p_t < 1\%$ ) and CNT\*KNM ( $\beta = 0.239$ ,  $p_t < 1\%$ ) significantly affects BFP at the 1% significance level.

**Table 5: Model Summary**

Model	R <sup>2</sup>	Change Statistics		
		R <sup>2</sup> Change	F Change	P Change
3	0.481	0.481	122.298	0.000
4	0.543	0.062	35.004	0.000

Based on Table 5, the inclusion of the interactions (FOR\*KNM, COP\*KNM & CNT\*KNM) in Model 3 to Model 4, makes a rise of 6.2% in the explanatory power from 48.1% (Model 3) up to 54.3% (Model 2). Moreover, the influences of the interactions (FOR\*KNM, COP\*KNM & CNT\*KNM) on BFP are statistically significant.

According to these findings, 3 elements (FOR, COP & CNT) of organizational structure significantly moderate in the linkage between the acceptance of knowledge management and banking financial performance. Overall, the hypothesis H4 is statistically supported. According to these findings, 3 elements (FOR, COP & CNT) of organizational structure significantly moderate in the linkage between the acceptance of knowledge management and banking financial performance. Overall, the hypothesis H4 is statistically supported. The empirical results indicate, the organizational structures of more formalization, complexity and centralization make directors focus more on knowledge management, which leads to superior banking financial performance. At the same time, they can also reinforce the causal link between knowledge management and banking financial performance.

## CONCLUSIONS

The casual association between the acceptance of knowledge management in banking and banking financial performance has been broadly studied. Nonetheless, to the best of my knowledge, only a few research projects assessed the casual linkage with analyzing the moderating role of organizational structures in the research model. The current research applied the analyses of multiple regressions to investigate the causal linkages and the analyses of hierarchical regressions to examine the moderating role of organizational structures in the causal links. The findings reveal the acceptance of knowledge management affects banking financial performance; whereas it is predicted by organizational structures, which is in turn a driver of banking financial performance. The 3 elements of organizational structures are statistically discovered as a moderator of the causal link from the acceptance of knowledge management in banking to banking financial performance.

The current research makes several contributions to both the literature of knowledge management and practical aspects. The statistical evidence emphasizes organizational

structures and knowledge management are important elements of generating organizational success leading to better banking financial performance. However, the acceptance of knowledge management is decided by organizational structures. Furthermore, organizational structures play a vital moderating mechanism in the research model.

These findings provide scholars of knowledge management with a better understanding of the importance of organizational structures in moderating the causal link between the acceptance of knowledge management and banking financial performance. It implies, the organizational structures of more formalization, complexity and centralization could enable directors to pay more attention to knowledge management, which leads to superior banking financial performance. Organizational structures can strengthen the link between knowledge management and banking financial performance.

The findings could help banking executives better understand the complicated links among the acceptance of knowledge management, organizational structures and banking financial performance with the interference of organizational structures with the moderating role. Consequently, the banking executives can make better decisions on employing suitable organizational structures and a sound acceptance of knowledge management in banking which is able to improve banking financial performance.

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