

Influence of Knowledge Sharing on Strategic Business Performance of Commercial State Corporations in Kenya

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Abstract

The study explored the effect of knowledge sharing on strategic business performance of commercial state corporations in Kenya. The study addressed issues of organizational knowledge being restricted to departmental or individual silos, resulting in reduced continuity, innovation and decision making. A philosophy of positivism and correlational quantitative research design was used. The respondents in the departmental sample constituted 170 from 34 commercial state corporations in Kenya. For the purpose of calculating this, a minimum sample of 119 respondents was calculated, and 105 valid questionnaires were returned, which resulted in an 88.24% response rate. There were twelve 5-point Likert-scale items used to measure knowledge sharing and 12 5-point Likert-scale items for strategic business performance, with Cronbach's alphas of 0.91 and 0.84 respectively. Descriptive statistics, Pearson correlation and multiple regression were used to analyze data. The mean for Knowledge Sharing was 3.85 with a standard deviation of 0.94. Educational seminars ($M = 4.03$) and providing opportunities to enhance employees' skills to meet market needs ($M = 4.14$) are the two most highly rated practices. Assigning mentors to new employees was also rated relatively low ($M = 3.66$) as was conducting training-needs analysis before training ($M = 3.53$). The second strongest relationship of the knowledge processes was between knowledge sharing and strategic business performance with $r = 0.403$. The direct-effects regression model was significant, $F(4,100) = 10.193$, $p < 0.001$, with $R^2 = 0.290$. The performance being positively and statistically significantly affected by knowledge sharing ($B = 0.274$, $\beta = 0.198$, $t = 2.016$, $p = 0.046$). The authors find that structured training, mentorship, coaching, and exchange with other departments along with apprenticeship contribute to an increase in strategic business performance through the sharing of employee knowledge for collective action.

Keywords: *knowledge sharing; strategic business performance; knowledge management; commercial state corporations; Kenya*

I. INTRODUCTION

Background of the Study

The Knowledge Management concept is about the organization's capacity to develop, store, share and apply knowledge to maximize efficiency and competitiveness. Knowledge can be the product of persons, but the usefulness of knowledge in the organization depends on the ability of the knowledge to be transferred across employees, teams, departments and generations of employees. Knowledge sharing thus serves as a bridge between personal experience and documented information and makes it into a collective resource of the organization [1,2].

Knowledge sharing is the transfer of tacit and explicit knowledge from one person or organizational unit to another. It could be achieved via training, seminars, mentorship, coaching, apprenticeship, teamwork, cross-departmental and digital platforms. These are some of the systems that minimize the chance that important knowledge will be lost with one or two employees, or when key people depart from the organization.

Commercial state corporations in Kenya are expected to perform on the basis of commercial and public expectations. They must possess the ability to serve the needs of the nation and to help deliver services, in addition to maintaining cost control and revenues and being subject to competition from private-sector groups. The Presidential Task Force on Parastatal Reforms in Kenya, found 34 commercial state corporations in the major sectors of the Kenyan economy [3].

The thesis revealed that many state corporations have low profitability, lack of efficiencies in their operations and restricted strategic growth. It also flagged the lack of knowledge sharing and lack of institutional memory as potential factors that could lead to repeated

issues and decisions. If lessons, procedures and expertise are not shared among employees, organizations can make the same errors, slow down innovation and not establish continuity.

This article takes knowledge sharing as an independent variable and guides it from its theoretical and empirical basis to the measurement of knowledge sharing, statistical analysis and practical implications. It was chosen based on the second highest positive correlation with the strategic business performance among the four knowledge management processes and because it still had a significant positive impact in the direct regression model.

Statement of the Problem

Commercial state corporations possess substantial knowledge through experienced employees, formal records, professional training and stakeholder interactions. However, the presence of knowledge does not guarantee organizational learning. Where knowledge remains in departmental silos or depends on individual employees, the corporation may lose expertise through turnover, repeat operational errors and make decisions without the benefit of lessons already learned.

The performance challenges reported in Kenyan state corporations suggest that formal mechanisms for sharing knowledge may be uneven. Although seminars and training may occur, mentorship, training-needs analysis, coaching and cross-departmental exchange may not be consistently structured. This weakens the transfer of both documented knowledge and the tacit experience of specialists.

Most of the empirical studies reviewed in the thesis were conducted in private firms and international settings. Limited evidence existed on the contribution of knowledge sharing to strategic business performance within commercial state corporations in Kenya. This study therefore examined whether stronger knowledge-sharing practices were associated with improved competitiveness, productivity, sales, growth and operational efficiency.

Objective of the Study

To examine the influence of knowledge sharing on strategic business performance of commercial state corporations in Kenya.

Research Hypothesis

H03: There is no significant influence of knowledge sharing on strategic business performance of commercial state corporations in Kenya.

II. LITERATURE REVIEW

Theoretical Background

Communication Theory

The main theory basis for knowledge sharing is communication theory. The theory was tied to the work of Claude Shannon and later was used in organizational communication by Jablin and Putman [4]. It defines communication as the process of source, message, receiver, channel and coding/decoding. The same elements impact on the knowledge sharing because the knowledge has to be expressed, passed along through an appropriate channel, received and then understood properly.

It also applies to commercial state corps, as training, coaching, mentorship, and exchange between departments require good communication systems. Any obstacle to the flow of information in the communication process can constrain the transmission of information and its impact on organizational performance.

Organizational Learning Theory

Organizational Learning Theory is a theory that has been developed by Argyris and Schon [5] that says that organizations learn from errors they make and correct them. Single Loop Learning involves altering behaviour to solve an immediate problem; Double Loop Learning involves questioning assumptions and strategies that have created the problem. Deutero-learning is the issue of improving the learning process.

To learn an organization needs to share knowledge, lessons need to be passed beyond the person that made the mistake or created the solution. Knowledge is incorporated into the practice of an organization through socialization, education and imitation. This study used mentorship, coaching, seminars, apprenticeship and employee exchange as ways of transferring and retaining learning.

Conceptual Review

Knowledge Sharing

Knowledge sharing is the transfer of tacit/explicit knowledge from one individual to another [6]. Tacit knowledge is experience, knowledge, judgment, and practical skills that are not explicitly documented; the explicit knowledge can be recorded in manuals, reports, procedures, and digital systems. Well functioning organisations need processes and structures for both types of knowledge.

The thesis operationalized knowledge sharing using resources employee skill upgrading, mentorship, apprenticeship, seminars, cross departmental exchange, employee confidence, formal training, training-needs analysis and coaching. These indicators reflect the availability of sharing mechanisms as well as the willingness of employees to share their knowledge with others who may find it valuable.

Sharing knowledge can enhance performance by increasing problem solving capability, reducing the learning curve, enabling innovations and maintaining institutional memory. But sharing can be limited due to lack of incentives, departmental divisions, lack of trust, or lack of formal arrangements for mentoring and succession.

Strategic Business Performance

Strategic business performance is the efficiency and effectiveness of an organization in meeting its objectives. It is composed of financial outcomes like sales and profit margins and non-financial outcomes like competitiveness, productivity, service quality, growth and operational efficiency [7,8].

Performance was evaluated based on competitiveness of products/services, productivity of knowledge and technology, steady sales growth, asset growth, profit-margin growth, job growth, and division of specialized tasks for efficiency.

Empirical Review

Law and Ngai [9] investigated manufacturing, wholesale and retail establishments in Hong Kong and found that there is a significant link between knowledge sharing, learning behaviour, business process improvement, product/service development and organizational performance. The results boosted the efforts of organizations to intentionally address programs that facilitate knowledge sharing.

Hasnain and Zeeshan [10] found that knowledge sharing mechanisms had a positive effect on product innovation and facilitated a firm's ability to learn and innovate. Their result put information and knowledge dissemination as an important input to organisational innovation.

According to Aizpurua and Zegarra [11], organizational learning and knowledge sharing were complementary factors that led to competitive advantage in the hospitality industry. They proposed the creation of a learning culture and the creation of learning conditions in which knowledge can be shared by managers.

Similarly, Ahmed and Khan [12] associated employee engagement and knowledge sharing with organizational performance. These studies show that knowledge sharing can impact performance via employee involvement, learning and innovation. But the evidence didn't apply to commercial state corporations in Kenya.

Research Gap

The literature provided support for the positive link between knowledge sharing and organizational outcomes and most of the evidence reviewed in this thesis is based on private firms, foreign contexts and specific industries. Commercial state corporations exist in a public sector context with public sector rules, public sector bureaucratic structures, and public sector leadership structures which may influence the flow of knowledge between employees and departments. This contextual gap was then explored in the study by examining the impact of knowledge sharing on the strategic business performance in commercial state corporations in Kenya.

Conceptual Framework

The conceptual framework suggests that by providing training, mentorship, coaching, and an apprenticeship program, fostering cross-departmental exchanges, and involving employees, organizational knowledge can be made available for the collective use, which boosts strategic business performance. Performance is shown as product/service quality, profit margin, cost reduction, sales growth and operational efficiency.

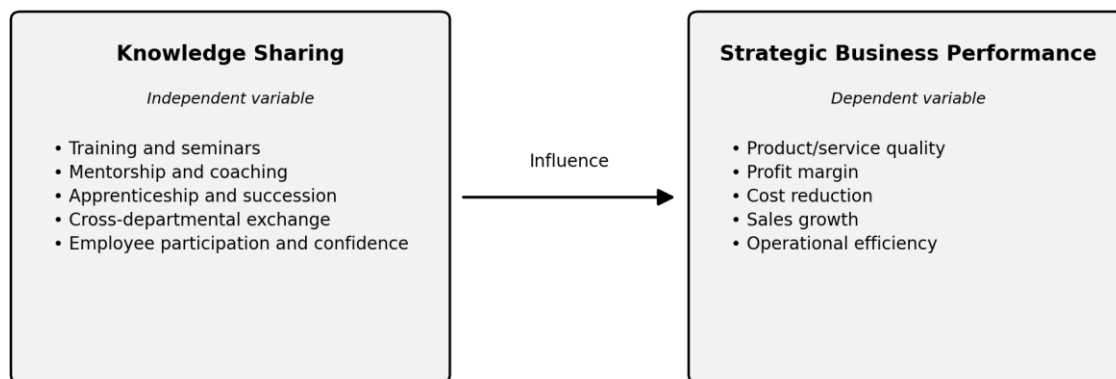


Figure 1. Conceptual framework for knowledge sharing and strategic business performance

III. RESEARCH METHODOLOGY

Research Philosophy and Design

The study adopted a positivist philosophy and a correlational quantitative research design. The design was appropriate because the research sought to establish the magnitude and direction of relationships between knowledge management processes and strategic business performance without manipulating the study variables.

Target Population, Sampling Frame and Sample Size

The respondents were 170 from the 34 commercial state corporations identified in the Presidential Task Force report. Each corporation had personnel in 5 functional areas: Finance, Human Resources, Information and Communication Tech, Sales and Marketing, and Operations. The unit of analysis was the commercial state corporation and the unit of observation was the departmental employee. The number of people required as a minimum sample was determined by Fisher's formula and amounted to 119 people. The questionnaires were mailed to 119 families, and 105 were returned (88.24% response rate).

Data Collection and Measurement

The structured questionnaire with the five-point Likert scale items was used to obtain primary data. The questionnaire evaluated Knowledge acquisition, Knowledge storage, Knowledge sharing, Knowledge utilization, Leadership style and strategic business performance. Secondary information from published and audited records, was to be used to complement the measures of organizational performance. Completed questionnaires were checked for any missing, unclear or incorrectly answered items and then coded and analysed using the Statistical Package for the Social Sciences.

Table 1. Operationalization of the study variables

Variable	Dimensions/indicators	Measurement
Knowledge sharing	Training; seminars; mentorship; coaching; apprenticeship; cross-departmental communication; employee participation	Twelve items on a five-point Likert scale
Strategic business performance	Product/service competitiveness; productivity; sales; asset expansion; profit margin; employment growth; efficiency	Seven items on a five-point Likert scale

Reliability and Validity

Knowledge sharing achieved a Cronbach's alpha of 0.91 and strategic business performance achieved 0.84. These results showed strong internal consistency. Content validity was supported through expert judgment and review by the research supervisors.

Data Analysis and Model Specification

Descriptive statistics included means and standard deviations. Pearson correlation analysis was used to assess the direction and strength of association between the variables. Multiple regression analysis assessed the independent contribution of each knowledge management process to strategic business performance while controlling for the other knowledge processes. Statistical significance was evaluated at the 5% level. The direct-effects model was specified as: $SBP = \alpha + \beta_1KA + \beta_2KST + \beta_3KSH + \beta_4KU + \mu$, where SBP is strategic business performance, KA is knowledge acquisition, KST is knowledge storage, KSH is knowledge sharing, KU is knowledge utilization, α is the constant, β_1 - β_4 are regression coefficients, and μ is the error term.

IV. RESULTS

Response Rate

A total of 105 usable questionnaires were obtained from the 119 questionnaires administered, resulting in an 88.24% response rate.

Table 2. Response rate

Response category	Frequency	Percentage
Filled and returned questionnaires	105	88.24
Unfilled/not returned questionnaires	14	11.76
Total	119	100.00

Reliability Results

Table 3. Reliability of the focal constructs

Construct	Number of items	Cronbach's alpha
Knowledge sharing	12	0.91
Strategic business performance	7	0.84

Descriptive Results for Knowledge Sharing

The aggregate mean for knowledge sharing was 3.85 and the standard deviation was 0.94, showing that there was a general agreement that the sharing practices are present. The best practices were found to be skill upgrading and education seminars. The mean scores of training-needs analysis, mentoring of new employees and coaching and visible changes from coaching and mentoring were comparatively low.

Table 4. Descriptive statistics for knowledge sharing

	Statistics							
	N		Median	Std. Deviation	Skewness	Std. Error of Skewness	Kurtosis	Std. Error of Kurtosis
	Valid	Missing						
The organization has a provision for upgrading employee's skill to keep up with the market challenges.	105	0	4.00	.837	-.678	.236	-.241	.467
New employees learn from others through organized mentorship programmes.	105	0	4.00	.822	-.325	.236	-.366	.467
Outgoing employees who are specialists work with apprentices to ensure smooth transition.	105	0	4.00	.848	-.294	.236	-.753	.467
Educational seminars pertaining to the job are arranged.	105	0	4.00	.837	-.455	.236	-.524	.467
Nothing obstructs knowledge sharing and exchange of views with the other departments in the organisation.	105	0	4.00	.918	-.299	.236	-.454	.467
Employees are confident in their ability to provide knowledge that others consider valuable.	105	0	4.00	.861	.002	.236	-1.273	.467
Employees in the firm often go through training programs every few years.	105	0	4.00	.964	-.424	.236	-.815	.467
The organization has formal training programme.	105	0	4.00	.997	-.696	.236	.010	.467
Before engaging in training, the organization does training need analysis.	105	0	4.00	1.177	-.532	.236	-.413	.467
New employees are assigned mentors to help them build more knowledge about their work and responsibilities.	105	0	4.00	1.064	-.397	.236	-.679	.467
Employees participate in knowledge sharing through coaching	105	0	4.00	1.040	-.697	.236	-.077	.467
Is behaviour change, such as work ethics and commitment, visible after coaching and mentoring processes?	105	0	4.00	.920	-.444	.236	-.200	.467

Correlation Analysis

The knowledge sharing showed positive association with strategic business performance, which is 0.403. It was the second highest correlation among the four processes related to knowledge management after knowledge utilization. The findings suggest that this has the effect of corporations with higher training, mentorship, coaching and exchange rates among departments having better performance.

Table 5. Correlations with strategic business performance

		Correlations					
		Strategic_Bus iness_Perfor mance	Knowledge_A cquisition	Knowledge_S torage	Knowledge_S haring	Knowledge_ Utilization	Leadership_ Satisfaction
Strategic_Business_Per formance	Pearson Correlation	1	.118	.310**	.403**	.464**	-.130
	Sig. (2-tailed)		.230	.001	.000	.000	.188
	N	105	105	105	105	105	105
Knowledge_Acquisition	Pearson Correlation	.118	1	.351**	.151	.212*	.055
	Sig. (2-tailed)	.230		.000	.124	.030	.576
	N	105	105	105	105	105	105
Knowledge_Storage	Pearson Correlation	.310**	.351**	1	.249*	.234*	.097
	Sig. (2-tailed)	.001	.000		.010	.016	.324
	N	105	105	105	105	105	105
Knowledge_Sharing	Pearson Correlation	.403**	.151	.249*	1	.493**	-.023
	Sig. (2-tailed)	.000	.124	.010		.000	.816
	N	105	105	105	105	105	105
Knowledge_Utilization	Pearson Correlation	.464**	.212*	.234*	.493**	1	-.081
	Sig. (2-tailed)	.000	.030	.016	.000		.410
	N	105	105	105	105	105	105
Leadership_Satisfaction	Pearson Correlation	-.130	.055	.097	-.023	-.081	1
	Sig. (2-tailed)	.188	.576	.324	.816	.410	
	N	105	105	105	105	105	105

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

*. Correlation is significant at the 0.05 level (2-tailed).

Regression Analysis

The direct-effects model produced $R = 0.538$ and $R^2 = 0.290$. Knowledge acquisition, storage, sharing and utilization jointly explained 29.0% of the variation in strategic business performance. The model was statistically significant, $F(4,100) = 10.193$, $p < 0.001$.

Table 6. Direct-effects model summary

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.538 ^a	.290	.261	.54356

a. Predictors: (Constant), Knowledge_Utilization, Knowledge_Acquisition, Knowledge_Storage, Knowledge_Sharing

Table 7. Analysis of variance for the direct-effects model

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.047	4	3.012	10.193	.000 ^b
	Residual	29.546	100	.295		
	Total	41.593	104			

a. Dependent Variable: Strategic_Business_Performance

b. Predictors: (Constant), Knowledge_Utilization, Knowledge_Acquisition, Knowledge_Storage, Knowledge_Sharing

The unstandardized coefficient of knowledge sharing was positive (0.274) and the standardized coefficient was also positive (0.198). This effect was statistically significant at 5% ($t = 2.016$, $p = 0.046$). With constant acquisition, storage and utilization, a 1-unit increase in knowledge sharing led to a 0.274-unit increase in strategic business performance. Thus, the null hypothesis was rejected.

Table 8. Focal coefficient from the direct-effects regression model

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	.678	.614		1.104	.272
	Knowledge_Sharing	.274	.136	.198	2.016	.046
	Knowledge_Storage	.253	.116	.202	2.181	.032
	Knowledge_Acquisition	-.066	.114	-.053	-.581	.562
	Knowledge_Utilization	.378	.112	.331	3.358	.001

a. Dependent Variable: Strategic_Business_Performance

V. DISCUSSION

The study revealed that knowledge sharing in the sampled commercial state corporations was well developed. Overall, the mean of 3.85 for all items shows a consensus that organisations transfer knowledge across the workforce by training, seminars, mentorship, apprenticeship and employee exchange. Formal learning activities such as skill upgrading and educational seminars are deeply accepted aspects of organizational practice, as indicated by the highest ratings.

The correlation is positive and equals 0.403, which means that there is a positive correlation between knowledge sharing and strategic business performance. Those that shared more also tended to report higher levels of competitiveness, productivity, sales and efficiency. The outcome reinforces Communication Theory in that organizational knowledge has a positive impact on organizational performance when it is transferred via appropriate communication channels and is interpreted by organizational members [4].

The results of the regression analysis revealed that knowledge sharing remained a statistically significant positive factor even when the other knowledge processes were accounted for. This result is in line with Law and Ngai [9], which correlated knowledge sharing behaviour with learning behaviour, process improvement and firm performance. It also aligns with Hasnain and Zeeshan [10] who associated sharing mechanisms with innovation and with Aizpurua and Zegarra [11], who considered learning and knowledge sharing as complementary factors of competitive advantage.

The finding could also be viewed from an Organizational Learning Theory perspective. Employees have the opportunity to share mistakes, solutions and better ways of doing things within the context of training, mentorship and coaching. The knowledge that is developed within the agency is transferred to the agency process and can be used to correct issues and prevent repetition of errors [5].

However, the relatively low mean scores for training-needs analysis and assignment of mentors show that the sharing system is not equally strong in all areas. Training might be provided without an explicit analysis of the gaps in knowledge that it is supposed to fill. Likewise, new hires might not always be provided with a formal mentorship program. Such vulnerabilities can limit the impact, continuity and relevance of knowledge sharing programmes.

VI. SUMMARY AND CONCLUSION

Summary

The study analyzed the effect of Knowledge Sharing on the strategic Business Performance of the Commercial State Corporations in Kenya. Training, seminars, mentorship and coaching, employee confidence and cross-departmental exchange were all included as indicators of knowledge sharing. The internal reliability of the construct was good, and the aggregate mean showed that the construct was widely implemented. Knowledge sharing had the second highest positive correlation with performance out of the knowledge processes and a positive significant coefficient in the direct regression model.

Conclusion

Through the study, it is concluded that there is a strong positive relationship between knowledge sharing and strategic business performance. A systematic knowledge transfer of employee experience and documented knowledge enhances organizational learning and innovation capabilities, continuity and improved decision making. There is no evidence to support the null hypothesis which proposes that there is no significant relationship between knowledge sharing and strategic business performance. Commercial state companies need to approach sharing as a strategic process and not as a training weapon.

VII. RECOMMENDATIONS

- Base training on real gaps: Conduct a formal training-needs analysis (skills audit, performance data review) before designing any programme, so knowledge-sharing activities target actual organizational gaps rather than generic topics.

- Protect tacit knowledge through mentoring: Assign every new hire a mentor, and pair specialists nearing transfer or exit with an apprentice for a set handover period, tracking follow-up indicators (behavior, commitment, performance change) to confirm the knowledge transfer worked.
- Break down silos and reward sharing: Establish regular cross-departmental forums or communities of practice, and formally recognize (awards, career credit, visibility) employees who contribute knowledge that improves products, services, or strategic decisions.

VIII. AREAS FOR FURTHER RESEARCH

The direct-effects model accounted for 29.0% of the variance in strategic business performance, indicating that other organizational and environmental factors are important. Future research could explore how trust, organizational culture, incentives, and digital tools for collaboration and employee turnover impact knowledge sharing. To assess the sustained impact of mentorship, coaching and cross-departmental exchange on performance, it would be beneficial to conduct research that looks at this topic over time. Comparative research could also investigate the differences between the sharing mechanisms in private businesses and state-owned commercial businesses.

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