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KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL INNOVATION IN NIGERIAN INSURANCE COMPANIES

ABSTRACT
The effect of learning administration on authoritative development in Nigerian insurance agencies was analyzed in this investigation, with the view to decide the degree of the connection between information administration and hierarchical advancement if directed by data and correspondence innovation (ICT). Ten (10) enrolled insurance agencies in Rivers State were chosen for the examination and the survey instrument was utilized. The information produced was broke down in view of the reactions of the respondents with the utilization of spearman rank request relationship coefficient (rho) which was embraced to test the seven (7) speculations detailed. The experimental gauge showed that, learning procurement, information sharing and learning application effects affect both item advancement and process development. Likewise, there meant that, data and correspondence innovation moderates learning administration and hierarchical development. These are observed to be huge at 5% basic esteem. The discoveries uncover that, learning administration assumes a huge part in improving hierarchical development in insurance agencies. Subsequently, it is suggested that, information ought to be overseen successfully in order to build the imaginative limit and capacity of Nigerian insurance agencies.

KEYWORDS: Information and Communication Technology (ICT), Knowledge acquisition, Knowledge Application, Knowledge management, Knowledge Sharing, Organizational Innovation, Process innovation and Production innovation.

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INTRODUCTION

Knowledge Management though, conceptualized in different ways by different people has gained grounds in recent years and has attracted the attention of theorists, scientists and experts. Mc Gee (2010) has conceptualized Knowledge Management as a process of identifying, extracting and managing the information, intellectual property and accumulated knowledge that exist within a company and in the minds of its employees. Knowledge management also comprises a range of strategies and practices used in an organization to identify, create, represent, distribute and enable adoption of insights and experiences. Indeed such insights and experiences comprise knowledge either embodied in individuals or embodied in an organization as processed practices.

Organisational innovation on the other hand, is seen to be a broad concept which affects virtually all aspects and operational activities of organizations. Organisations strive to be successful in their line of business(es) and therefore, work assiduously to ensure that they are able to generate new ideas that can enable them come up with services and products adjudged new within the competitive environment. Huit (2004) stated that, organizational innovation is the ability of an organization to initiate new ideas in its operations involving the processes and products that will foster customer’s satisfaction. It is glaring that organizations cannot be isolated because they exist and operate in an environment, and are affected by environmental factors (Onuoha, 2012:p1). Since, the fundamental motive of establishing an organization is geared towards achieving objectives and goals such as: survival, amazing product, profit maximization, sales growth, foster strong culture, social responsibility and customer satisfaction, then it need to apply strategy that is more effective and advantageous such as innovation.

STATEMENT OF THE PROBLEM

Several organizations including insurance companies are confronted with the task of being innovative, occasioned by the ever changing environmental factors affecting them. The high level of competition among players in the insurance industry demands that firms have to step up the pace at which they embrace innovation so as to meet up with the growing technological advancement. It is undoubtedly true that insurance companies in Nigeria are struggling to be innovative in their operations (Epetimehin, 2011). According to Epetimehin (2011), the reason insurance companies in Nigeria are struggling to be innovative is the slow pace at which they embrace innovation, owing to little knowledge acquisition, misapplication of the knowledge acquired, poor control mechanism on the processes which they adopt in their activities, knowledge sharing gap within the insurance industry.

RESEARCH HYPOTHESES

The following null hypotheses are formulated for the study

- **Ho1** There is no significant association between knowledge acquisition and process innovation in insurance companies.
- **Ho2** There is no significant association between knowledge acquisition and product innovation in insurance companies.
- **Ho3** There is no significant association between knowledge sharing and process innovation in insurance companies.
- **Ho4** There is no significant association between knowledge sharing and product innovation in insurance companies.

Fig 1. Conceptual Framework
Ho$_1$: There is no significant association between knowledge sharing and product innovation in insurance companies.

Ho$_2$: There is no significant association between knowledge application and process innovation in insurance companies.

Ho$_3$: There is no significant association between knowledge application and product innovation in insurance companies.

THEORETICAL FRAMEWORK

The relevant theory that helps significantly towards understanding the important role of knowledge management is the knowledge-based theory developed by Grant (1996). He argues that the source of competitive advantage in dynamic business environment is not the knowledge that is repository to the organization, because the value of such knowledge erodes quickly due to obsolesce and imitation. Rather, sustained competitive advantage is determined by non-propietary knowledge in the form of tacit individual knowledge. Tacit knowledge can form the basis of competitive advantage because it is both unique and relatively immobile. Yet, because that knowledge is possessed by individuals and not the organization, a crucial element of competitive advantage is the ability to integrate the specialized and tacit knowledge of individuals.

The main idea of the knowledge-based theory of the firm is that organizations exist in the way that they do because of their ability to manage knowledge more efficiently than is possible under other types of organizational structures. In other words, organizations are social entities that apply knowledge to the production of their goods and services (Foss, 1996). Firms are able to organize the way they do because they are depositories of productive knowledge.

More so, the knowledge-based theory views firms as distributed knowledge systems, which means that they are composed of knowledge embodied individuals and their social interactions. The knowledge-based theory of the firm postulate that knowledge is the only resource that provides sustainable competitive advantage, and therefore the firm’s attention and the decision-making should focus primarily on knowledge and the competitive capabilities developed from it. The key contribution of the knowledge based view of the firm and KM literature is the insistence that knowledge can be managed as an organizational resource that in turn, hopefully, constitutes competitive advantage (Choo et. al., 2002). Soo et al. (2002) assert that the capacity to manage human intellect and to transform intellectual output into a service or a group of services embodied in a product is fast becoming the critical executive skill of this era. It is in this regard that this research decided to apply the knowledge base theory to examine the influence of knowledge management on organizational innovation in selected insurance companies in Port Harcourt, Rivers State.

CONCEPT OF KNOWLEDGE MANAGEMENT

Knowledge is the result of merging information with practice, perspective and expression, resulting in insinuation and presents approaches and plans on which decision is based (Kahn & Adams, 2000). Knowledge is information used for a resolving precise dilemma, which presents the realistic stage (Stollberg, et al., 2004). Knowledge is an interpretation of information to improve the understanding of purpose and can be used for solving problem and wisdom includes the new activity to achieve purpose (Alryalat & Alhawari, 2008). To understand the word “knowledge”, it seems to mean three things. They are as follows (Nickols, 2010):

- First, it refers to a state of knowing, by which to be acquainted, to be aware of, to recognize facts, methods, principles, techniques. This corresponds to "know about."
- Second, the word "knowledge" refers to "the capacity for action," an understanding or grasp of facts, methods, principles and techniques sufficient to apply them in the course of making things happen. This corresponds to "know how."
- Third, the term "knowledge" refers to codified, captured and accumulated facts, methods, principles, techniques.

In light of the above, the researcher finds that knowledge in its wider sense constitutes the real wealth for each of the individuals or organizations, and it is a vital tool that helps organization to achieve their goals efficiently and effectively. It is also one of the tools that contribute to the improvement of organizational performance.

In this regard, Knowledge management (KM) means identifying, developing, and leveraging knowledge across the organization with the purpose of achieving competitive advantage (Alavi and Leidner, 2001). Beveren (2002) suggests that knowledge management should focus on intellectual capital and human resource strategies that stimulate employees’ creativity and innovativeness. Knowledge management involves a wide spectrum
of activities, designed to enable management, exchange, creation, or improvement of intellectual assets within an organization (Halawi et al., 2005).

**CONCEPT OF ORGANIZATIONAL INNOVATION**

Organizational Innovation is defined as the organization’s overall innovative capability of introducing new products to the market, or opening up new markets, through combining strategic orientation with innovative behaviour and processes (Wang & Ahmed, 2004). Scholars and practitioners alike have come to the conclusion that, organizational innovation is a strategic component of a firm’s ability to succeed and be able to compete favourably in the dynamic business environment (Wang & Ahmed, 2004). Several scholars conclude that the success and survival or failure of modern organizations rely on how innovative they are (Quinn, 2000; Nonaka & Takeuchi, 1995). As opined by Ahmed (1998), many businesses emphasize the importance of improving their innovative ability, so many try to achieve it, but only a few could actually achieve it.

Innovation has recently been inserted in every corporate goal, as it is among the achievements that bring organization’s competitive advantage and provides it with distinguished fortunes. The Human Resource Services Report (PricewaterhouseCoopers Human Resource Services, 2006) undoubtedly demonstrates that clear correlations exist between high investment in learning and competitive business results, thus the management of talent and learning can only be achieved through the alignment of strategy, learning and technology (Klett, 2010).

During the 1990s Porter (1990) found that organizational innovation was the basis of long-term sustainable competitive advantage. Despite the importance of the innovative capacity of an organization to its survival and the number of works exploring the impact of innovation on different aspects of doing business, no consensus has been reached on a uniform definition or approach to analysis. In earlier works, organization innovation was mainly associated with research and development, so the definitions of organizational innovation from that period were associated with the effects of this business function in the context of new product development (Dougherty and Hardy, 1996). Williams (1999) expanded the domain of organizational innovation to other aspects of doing business. He associated organizational innovation with the discovery, invention, and application of new products, systems, or processes.

Several authors have suggested that organizational innovation should be considered as duplicable knowledge considered new in the context it is introduced to and demonstrated useful in practice”. At the same time, some authors have contributed to the classification of organizational innovation so that the following innovation categories can be found in literature such as: administrative innovation, technological innovation, product innovation, and process innovation (Jimenez-Jimenez and Sanz-Valle, 2005, Huang and Li, 2009, Perdomo-Ortiz et al. 2009).

Organizational innovation is one of the important sources of competitive advantage (Hurley & Hult, 1998). Also, organizational innovation is determined by organization’s cultural openness to innovation that is related with members of organization willingness to participate in innovation activities (Van de Ven, 1986; Zaltmanet et al., 1973; Hurley & Hult, 1998). Organizational innovation is closely related with developing knowledge resources of organizations (Subramanian & Youndt, 2005). This means, organizational innovation also creates basic values, assumptions, and beliefs within the organization that lead employees behaviour to transform knowledge into new products, services, processes, technology, and administrative systems or structures, policies, plans, and programs.

**DATA ANALYSIS**

Test of Hypotheses for the study was carried out with the use of spearman’s rank order correlation coefficient with SPSS version 22.0. The Spearman correlation coefficient, rs, can take values from +1 to -1. A rs of +1 indicates a perfect association of ranks, a rs of zero indicates no association between ranks and a rs of -1 indicates a perfect negative association of ranks.
Table 1. Test of hypotheses (H0₁), there is no significant association between Knowledge Acquisition and Process Innovation in insurance companies.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>KAC</th>
<th>PCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td>1.000</td>
<td>.983**</td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>PCI Correlation Coefficient</td>
<td>.983**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
</tbody>
</table>

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

Spearman’s correlation coefficient was used to determine the relationship between knowledge acquisition and product innovation in table 4.12. There occur a significant statistical relationship at (r=.983, n=127, p < 0.01). The calculated P value is 0.983 is greater than -1, which means the null hypothesis is rejected and the alternative hypothesis is accepted. In this regard, H0₁ which states that there is no significant association between knowledge acquisition and process innovation in insurance companies is rejected. There is therefore a significant association between knowledge acquisition and process innovation in the context of this study, which also support the study by Bhatt (2000), that there is a connection between knowledge acquisition and innovation.

Table 2. Test of hypotheses (H0₂), there is no significant association between Knowledge Acquisition and Product Innovation in insurance companies.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>KAC</th>
<th>PDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td>1.000</td>
<td>.973**</td>
</tr>
<tr>
<td>Correlation Coefficient</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>PDI Correlation Coefficient</td>
<td>.973**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
</tbody>
</table>

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

With the use of Spearman’s correlation coefficient to determine the relationship between knowledge acquisition and product innovation in table 4.13, there occur a significant statistical relationship at (r=.973, n=127, p < 0.01). The calculated P value is 0.973 is greater than -1, which means the null hypothesis stands to be rejected and the alternative hypothesis is accepted. In other word, the H0₂ which states that there is no significant association between knowledge acquisition and product innovation in insurance companies is rejected. There is therefore a significant association between knowledge acquisition and product innovation in the context of this study, which is also in agreement with the study by Bhatt (2000), that knowledge acquisition is positively related to innovation.
Table 3. Test of hypotheses (H03), there is no significant association between Knowledge Sharing and Process Innovation in insurance companies.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>PCI</th>
<th>KS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho PCI Correlation Coefficient</td>
<td>1.000</td>
<td>.964**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>KS Correlation Coefficient</td>
<td>.964**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
</tbody>
</table>

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

Looking at the Spearman’s correlation coefficient to determine the relationship between knowledge sharing and process innovation in table 4.14, there is an indication of significant statistical relationship at \( r = .973, \ n = 127, \ p < 0.01 \). The calculated P value is 0.964, and this is greater than - 1, which means the null hypothesis stands to be rejected as well and the alternative hypothesis is accepted. In other word, the H03 which states that there is no significant association between knowledge sharing and process innovation in insurance companies is rejected. There is therefore a significant association between knowledge sharing and process innovation in the context of this study, which also supports the study by Chen & Huang (2009), that knowledge sharing is positively related to process innovation through the development of innovative ideas to improve on organization’s performance.

Table 4 Test of hypotheses (H04), there is no significant association between Knowledge Sharing and Product Innovation in insurance companies.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>KS</th>
<th>PDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho KS Correlation Coefficient</td>
<td>1.000</td>
<td>.991**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>PDI Correlation Coefficient</td>
<td>.991**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
</tbody>
</table>

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

In the same vein, spearman’s correlation coefficient was used to determine the relationship between knowledge sharing and product innovation in table 4.15. There occur a significant statistical relationship at \( r = .991, \ n = 127, \ p < 0.01 \). The calculated P value is .991 is greater than -1, which means the null hypothesis is rejected and the alternative hypothesis is accepted. In this regard, H04 which states that there is no significant association between knowledge sharing and product innovation in insurance companies is rejected. There is therefore a significant association between knowledge sharing and product innovation in the context of this study, which also support the study by Nilsen et al (2012) that, when employee share knowledge it leads to organizational innovation in terms of its product.
Table 5. Test of hypotheses (H0₅), there is no significant association between Knowledge Application and Process Innovation in insurance companies.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>KAP</th>
<th>PCI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KAP Correlation Coefficient</td>
<td>1.000</td>
<td>.898**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>PCI Correlation Coefficient</td>
<td>.898**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
</tbody>
</table>

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

Also, using Spearman’s correlation coefficient to determine the relationship between knowledge application and process innovation in table 4.16 above, there is an indication of the existence of a significant statistical relationship at (r=.898, n=127, p < 0.01). The calculated P value is .898, and this is greater than -1, which means the null hypothesis stands to be rejected as well and the alternative hypothesis is accepted. In other word, the H0₅ which states that there is no significant association between knowledge application and process innovation in insurance companies is rejected. There is therefore a significant association between knowledge application and process innovation in the context of this study, which also supports the study by Sarin and McDermott (2003) that, knowledge application plays an important role in increasing the process innovation of a firm.

Table 6. Test of hypotheses (H0₆), there is no significant association between Knowledge Application and Product Innovation in insurance companies.

<table>
<thead>
<tr>
<th>Correlations</th>
<th>KAP</th>
<th>PDI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spearman's rho</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KAP Correlation Coefficient</td>
<td>1.000</td>
<td>.938**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>127</td>
<td>127</td>
</tr>
<tr>
<td>PDI Correlation Coefficient</td>
<td>.938**</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
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<td>N</td>
<td>127</td>
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</table>

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

More so, Spearman’s correlation coefficient was likewise used to determine the relationship between knowledge application and product innovation in table 4.17, there is also an indication of significant statistical relationship at (r=.938, n=127, p < 0.01). The calculated P value is 0.938, and this is greater than -1, which means the null hypothesis stands to be rejected as well and the alternative hypothesis is accepted. In other word, the H0₆ which states that there is no significant association between knowledge application and product innovation in insurance companies is rejected. There is therefore a significant association between knowledge application and product innovation in the context of this study, which also supports the study by Markus (2001), that knowledge application influences competitive advantage of an organization through its product innovativeness.

CONCLUSION

The result of this study demonstrates the investigation of ten different insurance companies in Rivers State where knowledge management is being practiced. Results show that both senior and junior staffs are aware of the practice of knowledge management. The study posits knowledge management as an essential practice in fostering innovativeness in the organization. Working on the other aspects such as information and communication technology, which influences the acquisition, sharing and application of knowledge so as to improve on the product and process innovation of an organization, it is expected that insurance companies should invest more in ICT for them to have competitive advantage. In addition, insurance firms can use classical codified sources (journals) which are still the most important sources, followed by interactive events (fairs) and internet. Direct
contacts with external experts are also crucial. This communication makes the insurance firm adopting with the changing environment and act proactively.

RECOMMENDATIONS

These results provide suggestions for insurance companies in both private and public sector, therefore the followings are recommended:

- Organizations should acquire knowledge from both internal and external sources to improve on their process innovation.
- For an organization to improve on its product innovativeness, it must increase its capability to acquire knowledge.
- Organizations should share knowledge, which is important to consider when building process innovativeness that will support in improving firm performance.
- Employees should be encouraged to share knowledge, and this will boost innovation quality and firm operational performance.
- Organizations should effectively applying knowledge so as to increase their capabilities of managing the innovativeness of their products.
- For a product to be competitive in terms of its innovativeness, then the right application is essential by an organization so as to survive the competitive business environment.
- Organisations should acknowledge the important role of information technology in increasing their innovativeness.

REFERENCES


