AN EVALUATION OF CRITICAL SUCCESS FACTORS FOR KNOWLEDGE MANAGEMENT IN THE FINANCIAL SECTOR: EVIDENCE FROM DEVELOPING COUNTRY CONTEXT

Jehad Saleh Aldehayyat, Al-Hussein Bin Talal University
Ahmad Ali Almohtaseb, Al-Hussein Bin Talal University
Sliman S. Alsoboa, Al-Hussein Bin Talal University

ABSTRACT

This study sought to determine the critical success factors for knowledge management in the Jordan financial sector. These factors were identified via extensive literature review and through descriptive and inferential statistics. Using a cross-sectional survey design, data were collected from 310 respondents, where the majority (48%) were middle-level managers followed by first-line managers and top-level managers, who accounted for 42 and 10%, respectively. All managers had taken part in identifying knowledge, sharing knowledge, and using knowledge. The findings highlighted that organization, organizational leadership, information technology infrastructure, and human resource management practice significantly affect knowledge management. Further structure equation modeling showed that organizational leadership significantly affects the organizational structure, which significantly affects knowledge management. Organizational leadership significantly affects information technology infrastructures that significantly affect knowledge management, and organization leadership affects human resource management practices, affecting knowledge management. There should be an evaluation of how the current organization structure, human resource management practices, leadership, and information technology infrastructure are likely to affect the successful implementation of knowledge management initiatives.

Keywords: Knowledge Management, Organization Structure, Information Technology Infrastructure, Organization Leadership, Financial Sector, Developing Countries.

INTRODUCTION

The contemporary business world is dynamic and unpredictable. Therefore, the need for corporate sustainability strategies is emerging (Abbas et al., 2020). To achieve this sustainability, there is a need to create, share, and use knowledge for increasing innovation and gaining a competitive advantage. Through knowledge economy, rapid industrial changes necessitate continuous re-adaptation (Cardoni et al., 2020). In this regard, knowledge and knowledge management (KM) has become central to innovation and economic survival.

Knowledge management is an integrated, methodical approach to classify, manage, utilize, and share an organization’s information about assets, including databases, policies, procedures and documents, unarticulated expertise within its current and past workforce (Audretsch et al., 2020). Perreira & Rankin (2015) noted that knowledge management is a deliberate design of procedures, structures, systems, and tools to increase, renew, share, and
enhance social, human, and structural intellectual capital. This process is an organized, goal-oriented application of measures to direct and control organizations' intangible and tangible knowledge assets, intending to utilize existing knowledge to develop new corporate growth strategies, generate value, leverage innovation, and improve outcomes (Akinnuwesì et al., 2020). An effective KM process creates a unique working environment where experience and knowledge are easily shared between employees and departments, besides offering new information that increases efficiency.

The contemporary business world is a knowledge-based economy, which emphasizes the creation and utilization of knowledge. Each organization should have the capability to accumulate intangible knowledge relevant to its core business objectives (Cardoni et al., 2020). This knowledge must be shared using the right channels and approaches and reach the right audiences to guarantee success. The improvement in knowledge management has increased the desire to seek a competitive edge. Corporations have acknowledged the significance of managing intangible assets, given that the development of stakeholder's relationships, brand image, and reputation is influenced by sustainable sources of business advantage (Abbas et al., 2020). The capability to develop and leverage intangible assets' value entails prioritizing core competency, especially for organizations that provide professional and financial services (Asrar-ul-Haq & Anwar, 2016). In this regard, processing knowledge is central to the success of the business. The key to accruing and retaining a competitive edge is founded on attainable goals, by ensuring that knowledge is effectively applied via strategies that develop, organize, convey, and retain their resources through knowledge management. Similarly, the rapid changes and increased complexities in business environments have introduced knowledge a strategic resource for organizations, which, if effectively tapped, can lead to competitive advantage and enhance firms' performance (Loebbecke et al., 2016). Thus, the KM has become an essential priority for managers seeking to develop effective strategies to tap into its potential. Business managers are cognizant of a KM strategy's strategic advantage; hence, they have invested in relevant technologies and created a supportive environment (Tahleho, 2016). This adjustment has seen an increase in KM projects across the globe. According to Donnelly & Wickham (2019), KM is intended to enhance an organization's quality, performance and compete favorably in the market. Similarly, the researchers explained that generating new knowledge is a fundamental factor of KM systems, influencing organizational performance. An effective KM enables organizations to perform efficiently and be sustainable in the long-term, thereby surviving in a competitive environment by developing knowledge assets. The resource-based view (RBV) and knowledge-based view (KBV) consider KM as a critical resource in a firm's long-term sustainability.

Leadership plays a crucial role in the development of KM systems (Karamitri et al., 2020). Leaders should identify the need for KM systems and provide resources for implementing supporting systems. The management is tasked with guiding the organization in implementing KM strategies. For these reasons, an organization should ensure leaders who believe in KM before developing and implementing these initiatives (Kremer et al., 2019). The leaders should have extensive experience in KM systems and their importance towards organizational performance.

The finance sector's success depends on how corporations generate and utilize knowledge from every aspect of the business and leverage it to attain organizational goals (Donnelly & Wickham, 2019). This strategy has seen an increase in the number of KM initiatives across the finance sector. Even though several businesses have successfully implemented KM, most of them have not optimized it to benefit their corporate benefits. There is an increase in the number
of KM projects across all industries, but most projects' failure rate ranges from 50% to 80% (AlMulhim, 2020). The situation can be attributed to various challenges, such as the unnecessary emphasis on information technology, unsuitable KM strategies, lack of KM strategic alignment, and discounting of KM outcomes (Pour et al., 2019). Despite the significance of KM strategic alignment, a few studies have explored the critical success factor (CSF) that affects the process of KM in the financial sector. In this perspective, many studies have been conducted to determine the CSF on KM in various sectors such as manufacturing, service, and information communication technology. Therefore, Tahlheo (2016), Pour et al. (2019) and Chugh (2017 in the education sector, Forghani & Tavasoli (2017) and manufacturing; Sefollahi (2018), Kremer et al. (2019), and Garousi et al. (2019) in information communication technology; Perreira & Rankin (2015) and Gunduz & Almuajebh (2020) construction and housing; Sarra & Rachid (2020); Budiarti (2017); Loebbecke et al. (2016); Matoskova & Smesna (2017) in the service sector. The studies are predominant in developed economies such as USA, UK, Japan, China, and Canada. Whereas, up to the authors' knowledge, currently, no research has been undertaken to determine the CSF of KM projects in Jordan's financial sector. Therefore, the study's main objective is to determine the CSF for KM in the Jordan financial sector with more attention paid to the influence of the leadership. The study contributes to current literature given that no research has been conducted on critical success factors of knowledge management within Jordan's financial sector. This study presents the essential factors that should be taken into account to put KM into practice successfully.

LITRUTER REVIEW

Strategic Management of Organization Knowledge

There is a need to align an organization's KM with its overall strategic plan (Wu et al., 2016). In the contemporary business landscape, KM plays an essential role in organizations; therefore, the most critical step in optimal implementation is its alignment with business strategies. According to Chawinga & Chipeta (2017), KM strategic alignment incorporates KM and business strategies to realize organizations' objectives. In this regard, KM-business strategic alignment is the extent to which KM objectives, plans, and mission supplement corporate objectives and goals (Wu et al., 2016).

The successful implementation of KM entails thorough comprehension of the main factors that affect the process (Audretsch et al., 2020). The dynamic trait of the business operation environment, changes in consumer demands, and rapid changes in technology necessitate the alignment of KM with business strategy (Zbueha et al., 2019). According to Hosseini et al. (2019), optimal implementation occurs when KM aligns with the general business strategy. Dayan et al. (2017) analyzed the opinions of 222 KM experts on the association between strategic management and KM. They showed that there is a significant and positive correlation between strategic management and KM. They also noted that implementing KM projects' challenges can be addressed by comprehensive planning and effective alignment with the business strategy.

Most KM projects ignore the significant role of strategic alignment, given that they are planned and executed separately from business strategies (Loebbecke et al., 2016). Strategic KM-business alignment is viewed as the missing link between organizational success and optimal outcome of KM projects. Therefore, Pour et al. (2019) proposed the use of the strength, weakness, opportunities, and threats (SWOT) analysis model as an approach to align KM with
business strategy. The former helps the alignment of KM initiatives with competitive strategies by assisting organizations in identifying the knowledge gap in their strategic operations. A KM strategy helps an organization overcome corporate barriers, especially those originating from its internal factors (Capezzzuoli & Jolly, 2019). The strategy should involve creation, documentation, and implicit and explicit communication of knowledge within the organization's stakeholders and departments. The process should be timely and should involve the appropriate people (Tahleho, 2016). A suitable KM strategy increases the chances of exploiting the available knowledge through a particular interactive approach and reliable storage, transfer, and application innovations (Alzhrani, 2020). Communication and motivation aspects of an organization structure and KM strategy affect innovations' efficiency and strengthen the propensity to develop and share knowledge (Loebbecke et al., 2016). Thus, when a firm is more inclined to KM strategy, it can develop pertinent organizational practices.

**Recourse Based View RBV and Knowledge-Based View KBV**

The RBV indicates that businesses acquire sustainable competitive advantages by deploying valuable resources and competencies with inelastic supply (Halawi et al., 2005). The RBV theory focuses on an organization's resources, contributing to the performance and its competitive advantage. The RBV assumes resource heterogeneity between competing businesses and indicates that resources are not portable, making sustainable competitive advantage probable based on the available resources' internal configuration (Ramon-Jeronimo et al., 2019). In line with the RBV, an organization is a combination of tangible resources and capabilities. The differences in size and competitiveness of businesses can be attributed to unique capabilities utilized to create and implement value-enhancing strategies. The RBV shares some similarities with the KBV, which states that knowledge acquired from various organizational elements, such as policies, employees, documents, infrastructure, and organization culture, is one of the primary sources of competitive advantage (Kirschmarja & Aino, 2015). This fact is attributed to the unique nature of RBV, which requires an organization to implement KM strategies to develop and utilize its assets economically. The KBV view of an organization builds and advances the RBV theory. It includes diverse aspects of knowledge integration, namely scope, efficiency, flexibility, and the main channels through which knowledge is coordinated, including directives, routines, rules, decision-making, and collective problem-solving (Grant, 2015).

**Critical Success Factors**

Critical success factors CSF denote features that ensure the successful implementation of a project's strategy or process within an organization (Garousi et al., 2019). In another definition, Pourhanifeh & Mazdeh (2016) suggested that CSF entails factors and conditions which, if effectively identified and managed, have a significant effect on the success of an organization's competitive position. Therefore, when there is no adequate focus on CSF, the implementation efforts' final results are likely to be less than optimal. According to Gunduz & Almuajebh (2020), it is imperative to ensure compliance with CSF and identify other necessary supporting variables, which should be in place to guarantee the success of organizational projects objectives. The identification of the factors should be from higher to lower levels of an organization (Garousi et al., 2019). The process should be conducted in all organization departments individually to establish how they are related and influence special working groups. If the process is effectively undertaken, it increases the chances of KM success by ensuring that all
necessary factors and variables are in place (Pour et al., 2019). It also ensures that the managers can identify barriers and address the challenges promptly. The literature identified that several critical success factors affect the success of KM projects. However, four factors have been adopted for this study, and their literature is reviewed (Ou Yang et al., 2010).

**Human Resource Management**

One of the critical aspects in KM is the human resource management (HRM) approaches used by an organization (Matuskova & Smesna, 2017). The HRM equips employees, who are the main source of knowledge creation, with expertise, ideas, skills, and experiences. However, sometimes workers are reluctant to share their knowledge with their colleagues due to issues such as lack of trust and the fear of competition (Hesniati et al., 2019). Therefore, organizations need to encourage employees to participate in all aspects of KM. The HRM practices and policies are essential in facilitating, capturing, and supporting employees' skills and knowledge relevant to an organization. According to Budiarti (2017), HRM practices are strategic personnel management approaches that emphasize employees' acquisition, organization, motivation, and other human resource variables. Human resource practices include staff training and development, remuneration, succession planning, performance appraisals, and other policies that directly affect employees (Mohannak & Matthews, 2015). These activities and policies affect KM projects since they influence employee motivation to create, share, and utilize knowledge. In this regard, research has shown that HRM practices' efficiency is indispensable to KM projects' success. However, several managers in charge of KM neglect the role of HRM (Rahman et al., 2015). Thus, they fail to assess how current HRM practices impact KM success. Therefore, managers should determine that how existing HRM practices affect KM and establish strategies to augment organizational success.

**Information Technology**

Information technology infrastructure (ITI) has been considered one of the essential variables determining KM projects' outcomes (Abbas et al., 2020). ITI is essential as it enables and supports the creation, distribution, and application of knowledge. Furthermore, Asim & Sorooshian (2019) noted that ITI affects knowledge acquisition and storage of information that has been acquired over time, which eventually affects the KM success. The ITI offers essential tools within an organization, such as databases, decision support systems, and other communication platforms. These tools facilitate and advance the KM implementation in organizations (Al-Shbiel & Al-Olimat, 2016). Different organizational resources, including technological infrastructure and organizational structure, are associated with an organization's knowledge dissemination capability. Information technology helps address and manage communication problems that hinder interaction between an organization's employees and departments (Forghani & Tavasoli, 2017). In this regard, it is essential to invest in IT that supports and facilitates communication between employees (Yi et al., 2019. Osborne & Hammoud (2017) have observed that there can be no KM success without seamless communication between workers.

The speed and quality of knowledge transfer is enhanced by technology. These systems include knowledge repositories and intranets, among others. Further, KM tools can be categorized into generation, codification, and transfer (Asim & Sorooshian, 2019). Generation of knowledge needs tools that enable acquisition, blending, and creation of knowledge. On the
contrary, the codification of knowledge requires systems that support the representation of knowledge to facilitate its accessibility to distribution (Sefollahi, 2018). The tools' capacities are determined by organizational traits and particular KM contexts, such as cultural, social, factual, and explicit or tacit knowledge (Chugh, 2019). The presence and utilization of technology do not necessarily guarantee a successful KM (Chugh, 2017). This fact can be explained by the theory of technology assimilation, which states that technologies must be integrated and blended into a business to increase organizational performance (Al-Shbieel & Al-Olimat, 2016; Yi et al., 2019). To guarantee the success of knowledge management, there should be effective assimilation, which denotes the extent to which the utilization of technology diffuses across an organization and becomes unified in the core objective, goals, and corporate activities.

The use of information technology increases knowledge exchange in companies. Besides, Al Mulhim (2017) claims that information technology is the essential element during the coding phase of KM. Hence, there is a need for various ITI tools that can develop a system that facilitates KM. A knowledge management system can contribute to an organization's KM strategy's effectiveness and efficacy and increase its chances of success.

**Organization Leadership**

Leadership affects all facets of an organization, including KM elements (Sayyadi, 2019). Essentially, leadership is regarded as an important component of successful KM execution. Within an organization, a leader sets the priorities and spearheads strategies to realize its objectives and goals. Karamitri et al. (2019) noted that KM requires leadership to guide all organization members to a common goal. Therefore, there is an indispensable need for leadership to support KM initiatives. According to Madonsela (2020), leaders who are dedicated to the organizational structure and understand the importance of KM can promote supporting practices and make necessary changes to increases the chances of successful implementation of KM (Capezzuoli & Jolly, 2019). If need be, such leaders should encourage employees to play a more effective role in KM. Leadership entails the capability to influence the behavior of others in line with a common objective. There is a need for leadership that influences employees to create and share knowledge (Jokanović et al., 2019). For a corporation to acquire a competitive advantage and have the capacity to overcome challenges in the long term, KM should be part of its strategic goals. The effective application of KM connects employees through networking to share expertise and acquire new knowledge (Sayyadi, 2019). Top organization leadership also encourages sharing experiences and skills. It comprehends the significance of cultivating a culture that stimulates the acquisition, creation, and transfer of experience, which are the definitive source of innovation.

Organizational leadership should create an environment that encourages knowledge dissemination between employees and departments and helps all members contribute towards KM (Mohajan, 2019). Departmental leaders and managers are responsible for how their organizations plan and execute KM processes (Kremer et al., 2019). They also act as role models for junior workers and colleagues.

Mohajan (2019) argued that top management's support reduces conflicts, enhances communication, inspires employees, and helps an organization overcome KM implementation barriers. The top management should avail enough resources that support the creation, sharing, and implementation of KM systems (Jokanović et al., 2019). Some of these resources include competent employees and an effective ITI (Ramon-Jeronimo et al., 2019). Given the scarcity of
such resources, leaders should identify economic ways of utilizing the available resources to support KM.

**Organizational Structure**

Organizational structure OS denotes a combination of policies, procedures, and resources to realize organization objectives (Neis & Maccari, 2017). There is a need for a supporting organizational structure that supports the creation and sharing of KM knowledge to succeed (Cardoni et al., 2020). A suitable organizational structure should encourage team spirit and collaboration between employees and departments. There should be exchange of ideas, expertise with low degree of formalization within a moderately decentralized structures.

According to Fuertes et al. (2020), organizational structure can be clustered into integration, centralization, and formalization. A structure that encourages interaction increases the chances of KM success since it facilitates sharing. A centralized organization structure limits new knowledge due to its highly formal nature of interaction and centralization procedures in the workflow. Nonetheless, it is important to maintain some level of decentralization for effective knowledge creation and sharing. Sarra & Rached (2020) emphasized that creating and sharing knowledge is associated with increased social interaction between employees. In addition, Raveendran & Gulati (2020) indicated the significant role of flexible organizational structures in successfully implementing KM. Such structures facilitate decentralization, which eases communication at all administrative levels. Similarly, Joseph and Gaba (2020) highlighted that an effective OS enhances participative decision making, ease the flow of information, and teamwork. Based on a particular organizational structure, managers have to choose an appropriate KM strategy to increase success. Sharing of knowledge is critical to an organization's success as it leads to faster knowledge deployment to a business's departments. However, employees need a strong inspiration to participate in KM development and implementation (Alzhrani, 2020). It is unrealistic to assume that all employees in an organization would be willing to participate in knowledge creation and sharing without convincing them of the expected benefits. In this process, an organization's structure facilitates competitive advantage by influencing employee interactions and attitudes and processing information relevant to the business (Fuertes et al., 2020). To this end, the structure should facilitate knowledge development and dissemination, cooperation, and mutual assistance, all of which are essential to effective KM. To emphasize, organizations should adopt the right administrative structure that supports all aspects of KM.

**Organizational Leadership, Organizational Structure, and Knowledge Management**

Within an organization leadership OL which is made up of the board, senior management determines goals and objectives and how they will be shared. Schulze & Pinkow (2020) emphasized that an organization leader sets the tone and example that other employees follow. Similarly, Jokanović, et al. (2020) noted that organizational leadership is one of the main influencers of employee behavior, ultimately affecting creation and knowledge sharing. For instance, when leaders and managers foster commitment and trust, there are increased KM chances. When employees and managers trust one another and are sure that there is a commitment to the organization's goals and objectives, they are likely to share their skills, expertise, and suggestions on how best to implement KM procedures (Osborne & Hammoud, 2017).
OS is made up of systems that determine how undertakings are structured and coordinated to achieve their goals and objectives (Neis & Maccari, 2017). There can be centralized and decentralized organization structured. In most cases, leaders who prefer laisses fair style of leadership will cultivate a decentralized organizational structure. In contrast, autocratic prefer centralized systems, which are more formalized with high specialization and high administrative intensity (Fuertes et al., 2020). This shows that organizational leadership determines and influences organizational structure. Organizations need effective, flexible structures and advance their goals by utilizing available tangible and intangible resources (Cardoni et al., 2020). It is a leader's responsibility to evaluate the current factors and determine which OS best suits them. In this regard, when setting out the implementation of KM initiatives, leadership should evaluate how their styles will affect the process (Sarra & Rached, 2020). The leaders should be flexible and adapt to the dynamic nature of the business environment.

An OS encounters challenges that include compatibility with new management, departmental loyalty, confusion, and company goals (Neis & Maccari, 2017). There should be well-defined objectives of each department and individual employees in an effective structure and how they contribute to attaining overall goals. It a leader's responsibility, especially the middle level and top-level management to determine OS (Madonsela, 2020). Arguably when employees know their roles, there is likely to be increased expertise within departments which is an essential aspect of knowledge development. Also, there is a challenge of communication within OS (Sarra & Rached, 2020). There should be effective communication between employees and departments. Ineffective communication erodes trust and limits the creation as well as sharing of knowledge. Managers are tasked with developing communication plans for employees and departments, which eventually affect the success of KM.

**Organization Leadership, IT Infrastructure, and Knowledge Management**

ITI requires a significant outlay. The purchase of modern hardware and software cost significant capital. The management should be convinced of the need to invest in technology acquisition compared to investing in other business needs (Koziol-Nadolna, 2020). Some leaders are open to technology, hence providing resources that ensure an organization purchases and implements quality IT systems (Cortellazzo et al., 2019). This shows that organizational leadership affects IT infrastructure concerning quality and quantity (Cortellazzo et al., 2019).

In the current business environment, technology can be applied to varying degrees and for different objectives. For instance, there is the Internet of Things, digital platforms, artificial intelligence, machine learning, big data, and social media use (Bican & Brem, 2020). These technologies and their uses are determined by how the management sets objectives. Ahmad and Van Looy (2020) argued that some managers are pro-technology and will support acquiring and deploying various technologies. Further, the use of technology increases the amount of knowledge that is stored. Besides, there is a need for management to recognize the potential of knowledge acquired and how it can be optimized (Cortellazzo et al., 2019). This can be achieved by acquiring software, hardware, and other systems to ensure effective analysis and knowledge sharing. An important component of ITI is the human resource capacity. There is a need for organizations to acquire employees with the right skills and experience to maximize IT's software and hardware components (Kumar et al., 2020). The organization leadership sets out a strategy on hiring, training, remunerating, and retaining the best talent (Cortellazzo et al., 2019). IT staff's quality affects KM projects because of IT's indispensable role in capturing, analyzing, and sharing of knowledge. Technologies are shared among employees and departments. There is
a need for an organization to coordinate how its technology is implemented and shared across departments (Zięba, 2017). This increases knowledge creation and sharing. It's the management's responsibility to ensure that systems' effectiveness in terms of capacity enables effective coordination and use of ITI (Inków, 2020).

**Organization Leadership, Human Resource Management, and Knowledge Management**

There is a two-way interaction between HRM practices and OL; a relationship that affects another outcome such as KM (Alshammari, 2020). For instance, Jiang et al. (2017) established interaction between service-oriented high-performance work systems and service leadership on service climate. Organization managers determine HRM practices such as recruitment and hiring, which determines the quality of employees brought on board (Alshammari, 2020). Some policies, such as internal promotion versus external hiring of employees, especially those in senior management, will eventually affect organization leadership. Collectively the managers outline HR practices that can be acceptable within an organization and its departments (Zhao et al., 2020). Some of the HR practices affect the creation and sharing of information. For instance, some information can be labeled as sensitive hence can only be shared among authorized employees (Huo et al., 2020). This indirectly determines the quantity and quality of information shared between employees and departments and ultimately KM.

The OL style determine and influences followers and the mobilization of organizational resources. In this regard, leadership style affects the effectiveness of the deployment, distribution, consumption of resources essential to the successful implementation of KM (Zhao et al., 2020). In particular, OL is responsible for developing and implementing business strategy HRM strategy (Huo et al., 2020). The HRM practices include how to create a pool of suitable applicants, the recruitment and selection process. This also includes induction and training once hired and supporting employees (Yang & Lew, 2020). The HRM practices also affect the readiness and willingness of employees to share knowledge. For instance, Zhao et al. (2020) noted that employees who are well remunerated would be ready to share skills and expertise compared to underpaid (Figure 1).

Based on the literature review, the following hypotheses were developed:

- **H₁** Organization leadership significantly affects knowledge management
- **H₂** Human resource management practices significantly affect knowledge management
- **H₃** Organizational structure significantly affects knowledge management
- **H₄** IT infrastructure significantly affects knowledge management
- **H₅** Organization leadership significantly influences the organizational structure, which markedly affects knowledge management
- **H₆** Organization leadership significantly affects IT infrastructures, which significantly affect knowledge management
- **H₇** Organizational leadership significantly affects human resource management practices, which significantly affects knowledge management.
Research Setting

The financial services sector is one of the most robust and mature in Jordan, remaining stable amidst economic uncertainties (Oxford Business Group, 2020). The banking sector is a significant source of strength because of its indispensable role in economic performance. Jordan has a hybrid banking system where the sector has an Islamic banking system and conventional or commercial banking systems (Alatrsh, 2020). Islamic banking is founded on Islamic laws guiding services and financing. There are 25 banks of which 15 are listed on the Amman Stock Exchange, led by the largest Arab Bank and Western multinationals, including Citibank, Bank Audi, and Standard Chartered (Oxford Business Group, 2020). Four Islamic banks are operating in the market: JDIB, Jordan Islamic Bank, Al Rajhi Bank, and Islamic International Arab Bank. The banking sector is regulated by Jordan's central bank, which oversees both Islamic and conventional banks. The sector is also made up of insurance and capital markets, mainly the Amman Stock Exchange (Alatrsh, 2020). The capital markets have witnessed regulatory and operational changes such as transformation under government ownership to increase Sukuk (Islamic bond) issuance, bolster capitalization and liquidity. As per the Jordan Insurance Federation (JOIF), there are 25 insurance companies where the largest is Arab Orient Insurance Company (Oxford Business Group, 2020). The banks, insurance corporations, and capital markets play a significant role in Jordan's economic growth. These corporations provide the necessary capital for starting and sustaining business and providing investment opportunities that are indispensable for economic growth.
Population and Sample

This study population consists of 15 banks and 20 insurance companies listed in the Amman stock exchange till May 2020. In this study, a quantitative methodology was applied in data collection and analysis. The data was collected through a questionnaire with two sections. The first section collected demographic information, and the second one captured information on KM success factors. The questions on success factors were based on a five-point Likert scale, ranging from strongly agree to strongly disagree. The instrument was developed after extensive reviewing of the related literature. Then, it piloted among 10 KM practitioners (professionals and academics) to test its validity and ensure that its wordings were comprehensible and the length was appropriate. The recommendations after the pilot study were used to improve the questionnaire. Then, the self-administrated questionnaires were sent between May and July 2020 to the respondents (line managers, middle and top managers) of these banks and insurance companies. Based on Hair et al. (2010) recommendation-to allow 10–15 observations per indicator- 490 questioners were distributed equally among Jordanian banks and the insurance company. Of these, 310 were completed and useable – the response rate was 63.2 percent.

Measures

The data was collected using a structured questionnaire. There were two questions on the participants' profiles. In particular, one's designation and what phase of KM implementation one had taken part in. The first section was on KM attributes, where participants rated the success of knowledge acquisition, storage, distribution, use, and general success of KM projects in their organization using a scale of 1 to 5. In relation to the hypotheses, there were 11 questions on organization leadership OL, 12 questions on human resource management HRM, 12 questions on organizational structure OS, and six questions IT infrastructure ITI which were on a 5-point Likert scale (where 1=“strongly disagree”, 5=“strongly agree”). Descriptive statistics were used to summarize the data meaningfully. Correlation analysis and chi-square were used to determine the independence of observations between the variables. To establish the underlying relationship between the variables, structural equation modeling (SEM) was applied using AMOS version 20. SEM is used because it is a more robust analysis technique than all other multivariate methods (Byrne, 2013).

RESULTS

Descriptive Statistics

The composite reliability (CR) values ranged between 0.78 to 0.89, as shown in table-1 showing that there was internal consistency; hence data is reliable. The study involved 310 managers across the Jordan financial sector. Most (48%) were middle-level managers, followed by first-line managers and top managers who accounted for 42 and 10%, respectively. All managers had taken part in identifying knowledge, sharing knowledge, and using knowledge. This shows that they had taken part in all three phases of KM hence were informative in line with the study objective. The managers were asked to rate the success of KM projects in their organization. The average success rate of KM projects was 4.02 with a median and standard deviation of 4 and 1.07. This showed that most of the projects were successful, as indicated by 42% and 31% of managers who gave ratings of 5 and 4, respectively.
Structural Equation Modelling

Model validity and reliability

The suitability of the model was evaluated by testing discriminant and divergent validity (Table 1). The findings show that for all variables, composite reliability (CR) is more than 0.60, average variance extracted (AVE) is greater than 0.50, maximum share variance (MSV) is less than AVE. Further, the square root of AVE is less than the correlation values. This shows that the diagnostic results are in line with discriminant and divergent validity (Alarcon et al., 2015; Jak et al., 2020).

Table 1

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<th>Mean</th>
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<th>CR</th>
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<td>1-KM</td>
<td>3.96</td>
<td>0.62</td>
<td>0.78</td>
<td>0.56</td>
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<td>2.30</td>
<td>0.75</td>
<td>0.81</td>
<td>0.65</td>
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<td>3-HRM</td>
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<td>0.51</td>
<td>0.89</td>
<td>0.67</td>
<td>0.13</td>
<td>.334**</td>
<td>.421**</td>
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Note: N=310; Significance of Correlations: *** p<.001; MSV = Maximum Shared Variance; Diagonal elements (in bold) are the square root of the AVE.

Model fitness

As Jak et al. (2020) recommended, it is imperative to test the measurement model's fitness before testing the hypothesis. It was carried out using confirmatory factor analysis where the loadings were between 0.56 and 0.71, which are more than 0.4, which is recommended. Further, to test the measurement model fitness where the comparative fit index (CFI), root mean square error of approximation (RMSEA), incremental fit index (IFI), adjusted goodness-of-fit index (AGFI), normed fit index (NFI). The findings in Table 2 yielded (χ2/df=2.25, CFI, 0.92, RMSEA=0.07, IFI=0.92, AGFI=0.85 and NFI=0.86) which are all with the range of recommended cut-off values (Alaceva & Rusu, 2015). This implies that the model is a good fit for the empirical data.

Table 2

<table>
<thead>
<tr>
<th></th>
<th>Recommended</th>
<th>Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>χ2/df</td>
<td>&lt;3.00</td>
<td>2.25</td>
</tr>
<tr>
<td>CFI</td>
<td>&gt;0.90</td>
<td>0.92</td>
</tr>
<tr>
<td>RMSEA</td>
<td>&lt;0.08</td>
<td>0.07</td>
</tr>
<tr>
<td>IFI</td>
<td>&gt;0.90</td>
<td>0.92</td>
</tr>
<tr>
<td>AGFI</td>
<td>&gt;0.80</td>
<td>0.85</td>
</tr>
<tr>
<td>NFI</td>
<td>&lt;0.90</td>
<td>0.86</td>
</tr>
</tbody>
</table>

Test of Hypothesis

The underlying relationship was further tested using SEM. The structural model was computed using the maximum likelihood estimation method. The findings in Table 3 and Figure 2 show the path for SEM and correlation between the variables. In particular, organization leadership significantly affect KM (β=0.218, P<0.01), HRM practices significantly affect KM
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(β=0.312, P<0.001), organizational structure significantly affects KM (β=0.208, P<0.01), and IT infrastructure significantly affect KM (β=0.324, P<0.001).

Table 3: DIRECT EFFECTS

<table>
<thead>
<tr>
<th>Relationships</th>
<th>Estimate</th>
<th>SE</th>
<th>P-Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Leadership → KM</td>
<td>0.218</td>
<td>0.076</td>
<td>&lt;.010</td>
</tr>
<tr>
<td>HRM Practices → KM</td>
<td>0.312</td>
<td>0.051</td>
<td>&lt;.001</td>
</tr>
<tr>
<td>Organizational Structure → KM</td>
<td>0.208</td>
<td>0.049</td>
<td>&lt;.010</td>
</tr>
<tr>
<td>IT Infrastructure → KM</td>
<td>0.324</td>
<td>0.065</td>
<td>&lt;.001</td>
</tr>
</tbody>
</table>

Note: SE=Standard Error

FIGURE 2
STRUCTURAL EQUATION MODEL

Moderation Effect

The findings in Table 4 show that given the conditional effect of organizational leadership, the relationship between organization structure and KM is positive and significant (β=0.286, P<0.001). When there is low organizational leadership, the relationship between organization structure and KM is weaker (β=0.117, P<0.05). On the other hand, if there is an increase in organizational leadership, the relationship between organization structure and KM is strengthening (β=0.315, P<0.001).
Table 4
MODERATION EFFECT OF ORGANIZATION LEADERSHIP ON ORGANIZATIONAL STRUCTURE AND KNOWLEDGE MANAGEMENT

<table>
<thead>
<tr>
<th>DV: Knowledge Management</th>
<th>β</th>
<th>p</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>0.312</td>
<td>&lt;0.001</td>
<td>0.281  0.357</td>
</tr>
<tr>
<td>Leadership</td>
<td>0.418</td>
<td>&lt;0.001</td>
<td>0.387  0.486</td>
</tr>
<tr>
<td>Structure x Leadership</td>
<td>0.112</td>
<td>&lt;0.05</td>
<td>0.085  0.135</td>
</tr>
<tr>
<td>R²-chng =0.026</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Conditional effects of the organization structure at values of the moderator (organization leadership)

<table>
<thead>
<tr>
<th>β</th>
<th>p</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>One SD below mean</td>
<td>0.117</td>
<td>&lt;0.05</td>
</tr>
<tr>
<td>At the mean</td>
<td>0.286</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>One SD above mean</td>
<td>0.315</td>
<td>&lt;0.001</td>
</tr>
</tbody>
</table>

Note: CI = Confidence Interval

The findings in Table 5 show that given the conditional effect of organizational leadership, IT and KM's relationship is positive and significant ($\beta$=0.217, $P<0.01$). When there is low organizational leadership, IT and KM's relationship is weaker ($\beta$=0.201, $P<0.01$). On the other hand, if there is an increase in organizational leadership, the relationship between IT and KM is strengthens ($\beta$=0.287, $P<0.001$).

Table 5
MODERATION EFFECT OF ORGANIZATION LEADERSHIP ON IT AND KNOWLEDGE MANAGEMENT

<table>
<thead>
<tr>
<th>DV: Knowledge Management</th>
<th>β</th>
<th>p</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>0.112</td>
<td>&lt;0.05</td>
<td>0.065  0.256</td>
</tr>
<tr>
<td>Leadership</td>
<td>0.156</td>
<td>&lt;0.05</td>
<td>0.092  0.318</td>
</tr>
<tr>
<td>IT x Leadership</td>
<td>0.108</td>
<td>&lt;0.05</td>
<td>0.058  0.238</td>
</tr>
<tr>
<td>R²-chng = .032</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Conditional effects of the IT at values of the moderator (organization leadership)

<table>
<thead>
<tr>
<th>β</th>
<th>p</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>One SD below mean</td>
<td>0.201</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>At the mean</td>
<td>0.217</td>
<td>&lt;0.01</td>
</tr>
<tr>
<td>One SD above mean</td>
<td>0.287</td>
<td>&lt;0.001</td>
</tr>
</tbody>
</table>

Note: CI = Confidence Interval

Table 6
MODERATION EFFECT OF ORGANIZATION LEADERSHIP ON HRM AND KNOWLEDGE MANAGEMENT

<table>
<thead>
<tr>
<th>DV: Knowledge Management</th>
<th>β</th>
<th>p</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structure</td>
<td>0.218</td>
<td>&lt;0.01</td>
<td>0.102  0.278</td>
</tr>
<tr>
<td>Leadership</td>
<td>0.122</td>
<td>&lt;0.05</td>
<td>0.085  0.197</td>
</tr>
<tr>
<td>HRM x Leadership</td>
<td>0.111</td>
<td>&lt;0.05</td>
<td>0.069  0.175</td>
</tr>
<tr>
<td>R²-chng = 0.028</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Conditional effects of the HRM at values of the moderator (organization leadership)

<table>
<thead>
<tr>
<th>β</th>
<th>p</th>
<th>95% CI</th>
</tr>
</thead>
<tbody>
<tr>
<td>One SD below mean</td>
<td>0.227</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>At the mean</td>
<td>0.256</td>
<td>&lt;0.001</td>
</tr>
<tr>
<td>One SD above mean</td>
<td>0.315</td>
<td>&lt;0.001</td>
</tr>
</tbody>
</table>

Note: CI = Confidence Interval
The findings in Table 6 show that given the conditional effect of organizational leadership, IT and KM's relationship is positive and significant ($\beta=0.256, P < 0.001$). When there is low organizational leadership, IT and KM's relationship is weaker ($\beta=0.227, P < 0.001$). On the other hand, if there is an increase in organizational leadership the relationship between IT and KM is strengthens ($\beta=0.315, P < 0.001$).

**DISCUSSION**

The findings showed that organizational leadership affects the success of KM. This is in line with past findings, which have established that leadership plays a significant role in the successful implementation of KM (Jokanović et al., 2019; Kremer et al., 2019; Sayyadi, 2019). This can be explained by the fact that leadership influences HRM practices (Cardoni et al., 2020), IT infrastructure (Cortellazzo et al., 2019), and organization structure (Sarra & Rached, 2020) which in turn affect KM. Within an organization, a leader sets the priorities and spearheads strategies to realize its objectives and goals, such as KM. The leaders ensure that there are adequate resources necessary for the execution of KM. Organizational leadership also encourages sharing experiences and skills. It comprehends the significance of cultivating a culture that stimulates the acquisition, creation, and transfer of experience, which are the definitive source of innovation. The inferential statistics and structural equation showed that HRM practices significantly affect KM. This is similar to past findings (Hesniati et al., 2019; Matoskova & Smesna, 2017; Mohannak & Matthews, 2015). These findings can be attributed to the fact that HRM practices determine the creation and sharing of knowledge. Further, HRM practices determine employee motivation levels through remuneration, promotion, training, and other initiatives that motivate employees to participate in KM. The HRM practices assess employee satisfaction, capability, retention, and turnover, indirectly influencing their readiness and willingness to support KM. Employees who are committed to an organization are more likely to participate in KM. Similar to Neis and Maccari's (2017) past findings, the results showed that organizational structure significantly affects KM. The fact can explain the findings there can be decentralized or centralize organizational structure. The different organization structure types determine formalization and interaction levels between employees and departments, ultimately affecting the creation and storage of knowledge. A decentralized, flexible organizational structure that encourages communication between employees vertically and horizontally increases the chances of successfully implementing KM compared to a centralized structure. This is because a centralized structure limits creation and sharing of knowledge and reduces employee cooperation (Alzhrani, 2020).

In line with the inferential statistics, IT infrastructure has a significant effect on KM. This is in line with the findings of (Al-Shbiel & Al-Olimat, 2016; Chugh, 2019; Sefollahi, 2018). Furthermore, Asim & Sorooshian (2019) noted that ITI affects knowledge acquisition and storage of information that has been acquired over time, which eventually affects the KM success. Information technology is indispensable to the creation of knowledge and provides a platform that it can be sharing. Through systems such as the internet, employees have a platform where they share knowledge. The ITI offers essential tools within an organization, such as databases, decision support systems, and other communication platforms. The speed and quality of knowledge transfer are enhanced by technology. Information technology helps address and manage communication problems that hinder interaction between an organization's employees and departments.
The findings showed that organization leadership influences the organizational structure, which markedly affects KM. This is in line with past findings (Jokanović et al., 2020; Schulze & Pinkow, 2020). The finding can be explained by the fact that different managers and leaders prefer varied organizational structure types. This is attributed to differences in personalities and preference of leadership styles that is innate or adopted to suit organizational conditions. When a leader determines an organization's structure, they are indirectly affecting the changes of creation of knowledge as well as storage, analysis distribution, and use. Moreover, the findings showed that organizational leadership significantly affects IT infrastructures, which substantially affects knowledge management. This is comparable to past findings (Bican, & Brem, 2020; Cortellazzo, et al., 2019; Koziel-Nadolna, 2020). The results can be explained by the fact that organization leadership determines investment in IT systems, acquiring software and hardware components that significantly affect acquisition and dissemination of knowledge. The business environment dynamics often change; hence there is a need to invest in technology that meets the dynamism. With the rapid changes, technology can be rendered obsolete within a few years. In this regard, there is a need for organizational leadership to develop suitable policies and strategies that are in line with the contemporary business world. The inferential statistics and structural equation showed that organizational leadership significantly affects human resource management practices, affecting knowledge management as established by past findings (Alshammari, 2020; Zhao et al., 2020). Organizational leadership determines HRM practices such as hiring, selection, and remuneration, which affect employee morale. The quality and expertise of employees determine knowledge creation and use, which are attributes of KM. Further, as part of HRM strategy, organization leadership determines which information can be shared and how with departments and individual employees. This indirectly affects knowledge management sharing and use.

Implications

In line with the RBV and KBV theories, an organization should acquire less imitable resources to sustain the competitive advantage necessary for long-term profitability. In this regard, there is a need for effective and holistic strategic management to tap into the potential of knowledge as a competitive advantage source. The findings show that organization leadership, HRM practices, ITI e, and OS are the CSF for KM in the Jordanian financial sector. In this regard, managers of banks and insurance corporations in Jordan should ensure that they have effective IT, organization structure, organization leadership, and HRM practices for their KM projects to succeed. The managers should evaluate how the current organizational structures, HRM practices, leadership, and ITI are likely to affect the successful implementation of KM initiatives. The evaluation should lead to changes in the aforementioned critical success factors and manipulate other supporting elements such as organization culture and resource provision to ensure an excellent holistic environment for KM projects to succeed.

Limitations and Recommendations for Further Research

One limitation of the study is the service context and cross-sectional method that was used. There may be a need for adjustments before the results can be applied to other industry sectors. Further, the study did not explore how country corporate culture and legal framework may moderate or mediate the relationships between variables. There is a need for future research to determine confounding factors and possible mediating or moderating factors such as the type
of banks between Islamic and mainstream banking, organization culture, and availability of resources.

CONCLUSIONS

This study determined the CSF for KM in the financial sector of Jordan. Data were collected from 310 managers. The critical success factors were identified via extensive literature review and through descriptive and inferential statistics. The findings showed that organization, organizational leadership, IT infrastructure, and HRM practice significantly affect knowledge management. Further, SEM showed that organization leadership significantly affects the organizational structure, which significantly affects knowledge management. Additionally, organization leadership significantly affects IT infrastructures, which substantially affects knowledge management and organizational leadership, affecting HRM practices that significantly affect knowledge management.

REFERENCES


Madonsela, N.S. (2020). Integration of the management information system for competitive positioning.


