A Research Proposal
on
Knowledge Management Orientation and its Relationship with Business Performance

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Submitted by:
Rayees Farooq

Supervised by:
Dr Sandeep Vij
Associate Professor

FACULTY OF BUSINESS AND APPLIED ARTS
LOVELY PROFESSIONAL UNIVERSITY
PUNJAB
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Knowledge Management Orientation and its Relationship with Business Performance

1. INTRODUCTION
The financial success or failure and long term survival depends upon its performance. The Business Performance is dependent upon the orientation of key decision makers and implementation units. Various types of orientations of organisations have been studied and found to be related to business performance. The present study strives to study Knowledge Management Orientation (KMO), Market Orientation (MO) and Entrepreneurial Orientation (EO) of organizations and their relationship with Business Performance in the Indian context so as to provide guidelines to decision makers for successful performance.

Knowledge is increasingly being recognized as the new strategic imperative of organizations. The most established paradigm is that knowledge is power. Therefore, one has to hoard it, keep it to oneself to maintain an advantage. The common attitude of most people is to hold on to one’s knowledge since it is what makes him or her asset to the organization. Knowledge is still considered power – an enormous power in fact. But the understanding has changed considerably, particularly from the perspective of organizations. The new paradigm is that within the organization knowledge must be shared in order for it to grow (Filemon, 2008).

In the modern economy, the knowledge provides competitive advantage to organizations. This competitive advantage is realized through the full utilization of information and data coupled with the harnessing of people’s skills and ideas as well as their commitments and motivations.

In general, there are two types of knowledge: tacit knowledge and explicit knowledge. Tacit knowledge is that stored in the brain of a person. Explicit knowledge is that contained in documents or other forms of storage other than the human brain. Explicit knowledge may therefore be stored or imbedded in facilities, products, processes, services and systems. Both types of knowledge can be produced as a result of interactions or innovations. They can be the outcome of relationships or alliances. They permeate the daily functioning of organizations and contribute to the attainment of their objectives. Both tacit and explicit knowledge enable organizations to respond to novel situations and emerging challenges (Filemon, 2008).
Knowledge Management: Knowledge Management is the conversion of tacit knowledge into explicit knowledge and sharing it within the organization. Putting it more technically and accurately, knowledge management is the process through which organizations generate value from their intellectual and knowledge based assets. Defined in this manner, it becomes apparent that knowledge management is concerned with the process of identifying, acquiring, distributing and maintaining knowledge that is essential to the organization.

**Knowledge Management Orientation**

It is believed that knowledge management orientation of organisations differs. It is also suggested that knowledge management orientation of organisations is a function of;

1) Knowledge sharing orientation,

2) Information technology orientation and

3) Learning orientation

Knowledge sharing is the critical means through which employees can contribute to knowledge application, innovation and ultimately the competitive advantage. Knowledge sharing oriented knowledge management practices include: appointment of facilitators to help people better express what they know so that others can understand it, making knowledge sharing behaviours integral part of performance appraisal system, depriving people of some organizational benefits for not sharing the knowledge, publicly recognizing and rewarding the knowledge sharing employees. In such an atmosphere, people do not have any reservations while parting with their tacit knowledge. Effective knowledge sharing within an organization can be improved by a structured IT system which enables employees to deposit and share knowledge *(French, 2010)*.

IT oriented knowledge management practices include: acquiring latest technology if it is in any way helpful in improving the learning speed of the employees, belief of the top management that technology supports better communication, sharing and increases the speed of learning, process mechanization and automation wherever possible, provision of corporate information specialists to help the employees use online tools including the Internet. In such an atmosphere, employees always welcome new technologies and there is very less resistance to change *(Vij and Sharma, 2004)*.
Learning Orientation stands for the tendency to create and apply knowledge in organization. It is a set of values exhibited by the organization that demonstrates that organization is likely to develop a learning culture.

**Market Orientation**

The marketing orientation concept assumes that the key to firm success is identifying customers’ needs and satisfying them more effectively than competitors do. In literature, there are two main perspectives of market orientation, cultural and behavioural (Kohli & Jaworski, 1990; Narver & Slater, 1990). Narver and Slater (1990) define market orientation as the organization culture that “most effectively and efficiently creates the necessary behaviours for the creation of superior values for buyers and, thus, continuous superior performance for business”. In this perspective, market orientation consists of three components:

1) Customer orientation,
2) Competitor orientation, and
3) Interfunctional coordination.

Customer and competitor orientation include all the activities involved in acquiring customer and competitor information and disseminating it throughout the firm. Interfunctional coordination comprises the firm’s efforts to create superior value for customers. In turn, according to Kohli and Jaworski, market orientation in behavioural perspective includes three key activities: generation of market intelligence, dissemination of the intelligence across departments and organisation-wide responsiveness to it.

**Entrepreneurial Orientation**

Entrepreneurial Orientation (EO) refers to the processes, practices, and decision-making activities that lead to new entry. This construct is concerned with the methods, practices, and decision making styles used by the managers. The term Entrepreneurial Orientation (EO) is also used to refer to the set of personal psychological traits, values, attributes, and attitudes that are strongly associated with a motivation to engage in entrepreneurial activities. In this perspective, Entrepreneurial Orientation consists of three components:

1) Innovativeness,
2) Risk Taking, and
3) Proactiveness

The following figure shows the dimensions of constructs under study:
Figure-1: Dimensions of Constructs under Study

Source: Narver and Slater (1990)

Source: Covin and Slevin (1988)

Source: Vij and Sharma (2004)
2. REVIEW OF LITERATURE

The studies related to the variables under consideration as shown in (Figure-1) have been reviewed. The following paragraphs present a theme-wise summary of the literature reviewed.

2.1 Knowledge Sharing Orientation (KSO)

The construct of knowledge sharing has been studied from different facets. The Literature suggests that top management supports are positively associated with knowledge sharing (Gupta, 2008; Hsu and Wang, 2008). French (2010) has concluded that employees are more likely to share knowledge within an environment where there are high levels of trust. Individual’s attitude and the level of tendency towards knowledge sharing is the primary factor influencing intention to share knowledge (Abzari and Abbasi, 2011; Chatzoglou and Vramaki, 2009). Trust acts as an antecedent to the knowledge sharing or knowledge transfer in the organizations (Antonova et al., 2011; Holste and Fields, 2010). Islam et al (2011) have found that reward system does not have any impact on knowledge sharing. They also concluded that cultural elements, namely, trust, communication between staff, and leadership are vital for knowledge sharing in Bangladeshi service organizations. Kim and Lee (2006) have found that performance based reward systems, centralization, and social networks are significant variables that affect employee knowledge sharing capabilities in public and private organizations. Organizational support is positively associated with organisational perceptions of innovation characteristics and interpersonal trust, which in turn are positively related to organisational intention to facilitate knowledge sharing (Lin, 2006). Kang et al (2008) have concluded that perceived trustworthiness between individuals involved in knowledge sharing has positively influenced both knowledge sharing and individual work performance. Boumarafi and Johnoun (2008) have found that organizational culture, organizational infrastructure, management support reward and over performance, vision clarity are good indicators for measuring the contribution of knowledge management to performance improvement. Companies, needs to provide and support the acquisition, sharing and application of knowledge for effective knowledge management and systems (Navarro and Conesa, 2007; Gold et al., 2007). Organizational memory, knowledge sharing, knowledge absorption, and knowledge receptivity serve as first-order indicators of the higher-order construct labelled knowledge management orientation, which, in turn, has a positive link with market orientation and performance (Wang et al; 2009). Knowledge sharing is related to performance, and different dimensions of knowledge sharing contribute to performance differently.
Contingent factors (integration of activities, organicness of structure and characteristic of top management) influence the relationship between knowledge sharing and performance (Du et al; 2007). Successful knowledge transfer requires high level of individual motivation so that knowledge seeker and knowledge provider openly share and accept it because both motivational factors and knowledge sharing has significant and major effect on performance (Akram and Bokhari; 2011)

2.2 Information Technology Orientation (ITO)

Construct of information technology orientation has been studied from different facets. Lin et al (2007) have concluded that organisations can improve knowledge management capabilities by investing appropriately in IT infrastructure which supplies individuals with matching resources. It has been found that Social networks, centralisation, performance based reward system, employee usage of IT applications, and user friendly IT systems were found to significantly affect employee knowledge capabilities in the organisations (Kim and Lee, 2006). Tanriverdi (2005) have examined that IT relatedness of the firm’s business unit’s increases cross-unit knowledge management capability; KM capability in turn leads to superior firm performance. It has been found that there was clear emphasize on the use of general IT tools to support knowledge management activities, rather than the use of tools specific to KM (Edwards et al., 2005).IT competences in information and knowledge management, project management, collaboration and communication, and business involvement are likely to improve an organization’s ability to innovate (Gordon and Tarafdar, 2007). It has been concluded that KM strategies both human and system has been shown to have a significant impact on the KM enablers of trust, and have also found that T shaped skills put effect on performance but first on innovation (Jean-Paul and Shih, 2011). Mahmoodsalehi and Jahanyan (2009) have found that Knowledge management system moderates the relationship between intellectual capital and business performance. This indicates significant effect of knowledge management on intellectual capital and business performance. Tanriverdi (2005) have reported that Knowledge management capability creates and exploits cross unit synergies; and these synergies increase the financial performance of the firm. Wild and Griggs (2008) have examined that simulation prototype system contributed to the effective facilitation of knowledge management and is an important tenet of modern day organisational management. Market orientation has a significant direct effect on e-business innovation and customer relationship performance which help in sales growth and business performance (Rapp, 2008). Harrim, (2008) have found that there is Strong positive relationship between
learning orientation and performance and between each of the learning orientation dimensions (system thinking, shared vision, teamwork and collaboration, leadership, empowerment, organization culture, and learning environment) and each scale of org performance (financial performance, customer service, internal processes and learning/growth/innovation).

2.3 Learning Orientation (LO)

Construct of learning orientation has been studied from different facets. Learning orientation has positive effect on business performance. The high level of commitment to learning, open-mindedness and shared vision lead to more innovation in small firms. Innovation in turn has a positive effect on the profitability of the firm (Li and Li, 2006; Prieto and Revilla, 2006; Brachos et al., 2007; Phomket Chanthima, 2007; Chaveerug and Ussahawanitchakit, 2008; Harrim, 2008; Eshlghy and Maatofi, 2011). Learning Orientation is an important mediator factor in Entrepreneurial Orientation and Performance relationships (Wang, 2008). Pett and Wolff (2005) have examined the relationship between an organizational learning orientation with the concept of Market Orientation and Entrepreneurial Orientation in the context of high performing SME’s. The finding shows that there was the positive relationship between Learning Orientation, Entrepreneurial Orientation and Market Orientation to SME performance. Sinkula et al. (1997) suggested a model which shows that more positive Learning Orientation will directly result in increased market information generation and dissemination. Learning Orientation is a key antecedent of all HRM practices. It is suggested that knowledge management and organizational learning play their important role in creating organizational capability which leads to superior performance (Theriou and Chatzoglou, 2007; Simonin and Ozsomer, 2009). Organization learning is considered as an important way to gain competitive advantage. Learning organizations are one which improves its knowledge by taking into consideration the external environment (Galer and Heijden, 1992; Rampersad, 2002; Frank et al., 2004; Loan, 2006; Oliver, 2008). Organizations should use only that language which employees can understand and motivation should be given to employees to learn that individual learning will lead to organization learning. Organizations should always use the knowledge management system to create an opportunity for individuals and organizations to learn. Organizations should link organization learning with strategy to improve the performance (Ya –Hui, 2007; Ajmal 2009). Learning Orientation is an important mediator in the Entrepreneurial Orientation and Performance relationship. Entrepreneurial firms must foster organizational learning in
order to maximize the effect of Entrepreneurial Orientation on performance (Slater and Narver, 1995; Sinkula et al., 1997; Pett and Wolff, 2005; Wang, 2008, Wang and Wei, 2005; Keskin, 2006). Organizations should share their experiences, best practices, success and failures. Top management should motivate employees only then organizations can become learning Organizations. Organization which are interested in enhancing their competitive advantage and innovation need to become learning Organization. It will help practitioners and academics to understand the complexities of cultural issues during KM initiatives in the context of improving project performance. (Li and Li, 2006; Oliver, 2008; Ajmal, 2009; Kreleva, 2011).

2.4 Market Orientation (MO)

Slater and Narver (2000) found that market orientation and business performance are positively related. Pulendran et al. (2000), and Tay and Morgan (2002) identified significant, positive links between market orientation and overall performance. The consumer orientation is similar in definition to a “market orientation” as defined by Kohli and Jaworski (1990) because it begins and ends with the needs of the customer. For small firms, market orientation can also help to improve performance. However, the most distinguished perspectives in marketing literature are those of Narver and Slater, (1990) and Kohli and Jaworski (1990). The culturally - based perspective by Narver and Slater (1990) defined market orientation as the organizational culture that most effectively and efficiently creates the necessary behaviour for the creation of superior value for buyers and thus, continuous superior performance for the business. According to them, market orientation consists of the three components of customer orientation, competitor orientation and inter-functional coordination. From this perspective, there must be a sufficient understanding of market elements: customers, competitors, channel members and suppliers to be able to create continuous superior value. Literature review suggests correlation between knowledge management and market orientation. Some researchers claim that a market orientation is a sub-set of a knowledge management orientation (Darroch & McNaughton, 2003). Accordingly, knowledge management orientation is a broader concept than market orientation and includes, beside market intelligence, knowledge about non-market factors such as knowledge about financial issues and technology. Empirical studies indicate a direct impact of knowledge management on market orientation, and an indirect, via market orientation, impact of knowledge management on firm growth (Wang et al., 2009). The opposite relationship was also reported. An organizational culture of being market-oriented is important driver of
knowledge management, particularly knowledge acquisition and dissemination (Hu, 2010).

Although there is no agreement when it comes to the direction of the relationship between knowledge management and market orientation, studies confirms that, at least in large firms, there is a significant and positive relationship between those concepts. The existence of this relationship has rational explanation. Lack of appropriate mechanisms of knowledge management in firms hampers or even disenables effective creation and dissemination of market knowledge and consequently appropriate reaction on this knowledge. On the contrary, successful knowledge management implemented in a firm creates conditions for processing, interpreting and using of knowledge about market trends and events.

Thus integration of knowledge management and market orientation might be a key competency and improve the competitive position of a firm. In this way, two approaches to formulating strategy are combined: inside out and outside in (Wang et al., 2009).

2.4.1. Dimensions of Market Orientation

Market Orientation (MO) is often operationalized on the basis of three dimensions identified by Narver and Slater (1990), viz. ‘Customer Orientation’, ‘Competitor Orientation’, and ‘Interfunctional Coordination’, to characterize and test market orientation. These dimensions have been briefly discussed below

2.4.1.1 Customer Orientation (CO)

Customer orientation refers to the marketers’ knowledge on target customers in order to create superior value (Narver and Slater, 1990; Kohli & Jaworski, 1990). Thus marketers have to understand needs, wants, expectations, preferences, behavioural responses, and perceptions of current and potential customers. Customer orientation emphasizes the role of sufficiently understanding target customers

2.4.1.2 Competitor Orientation (CMO)

Competitor orientation means understanding competitors’ strengths, capabilities and weakness in order to create superior value to their customers than their competitors. Moreover information collection, competitive intelligence and competitor’s awareness are also part of competitor orientation (Narver & Slater, 1990)
2.4.1.3 Interfunctional Coordination (IFC)

Interfunctional Coordination emphasizes coordinating the use of company resources and customer-related activities throughout the entire organization (Narver and Slater, 1990). Thus collective support of all departments, functions, levels and units is of vital importance to ensure value addition to their customers. Meanwhile inter functional coordination is essential to ensure social responsibilities of business.

2.5 Entrepreneurial Orientation (EO)

Entrepreneurial Orientation (EO) has emerged as a major construct within the strategic management and entrepreneurship literature over the past two and a half decades. It can be viewed as a characteristic of organizations, which can be measured by looking at top management’s entrepreneurial style, as evidenced by the firms’ strategic decisions and operating management philosophy (Miller, 1983). Covin and Slevin (1988) argue that an organization’s EO is the summation of the extent to which top managers are inclined to take business related risks, to favour change and innovation in order to obtain a competitive advantage for their firm and to compete aggressively with other firms. They proposed that EO should be considered as the strategic dimension which can be observed from the firms’ strategic posture running along a continuum from a fully conservative orientation to a completely entrepreneurial one. They suggest that firms with a propensity to engage in relatively high levels of risk taking, innovative, and proactive behaviours have entrepreneurial orientation while those engaging in relatively low levels of these behaviours have conservative orientation (Covin & Slevin, 1991). According to Lumpkin and Dess (1996), EO refers to the processes, practices, and decision-making activities that lead to new entry. They considered EO as a process construct, which is concerned with the methods, practices, and decision making styles used by the managers. However, the term EO is also used to refer to the set of personal psychological traits, values, attributes, and attitudes that are strongly associated with a motivation to engage in entrepreneurial activities (Kilby, 1971; Mintzberg, 1973; Miller & Toulouse, 1986; Kreiser et al., 2002; Poon et al., 2006). EO is an important measure of the way a firm is organized. It has been conceptualized as the process and decision making activities used by entrepreneur to act entrepreneurially (Lumpkin & Dess, 2001; Rauch et al., 2006; Kreiser & Davis, 2010; Ullah et al., 2011). In gist, EO refers to a firm’s strategic
orientation and it is usually seen as the extent to which a firm innovates, takes risks to compete aggressively and acts autonomously and proactively.

Entrepreneurial orientation should be distinguished from entrepreneurship. The essence of entrepreneurial orientation is on how the entrepreneurs implement entrepreneurship in the course of realizing their career ambition. On the other hand, focus of entrepreneurship is on new entry. New entry can be accomplished by entering new or established markets with new or existing goods or services (Burgelman, 1983).

2.5.1. Dimensions of Entrepreneurial Orientation

Entrepreneurial Orientation (EO) is often operationalized on the basis of three dimensions identified by Covin and Slevin (1989), based on the earlier work of Khandwalla (1976) and Miller and Friesen (1982), viz. ‘Innovativeness’, ‘Risk Taking’, and ‘Proactiveness’, to characterize and test entrepreneurship.

These dimensions have been briefly discussed below:

2.5.1.1. Innovativeness

Innovativeness of entrepreneurs is their propensity to innovate their business (Miller & Friesen, 1982), their willingness to try the ways which are different from the existing, the enthusiasm to adopt new ideas or new methods to their business operation and the eagerness to implement the innovation strategy in their business (Khandwalla, 1987). Innovativeness reflects a firm’s tendency to engage in and support new ideas, novelty, experimentation, and creative processes (Lumpkin & Dess, 1996) that may result in new products, services, or technological processes and which may take the organization in new paradigm of success (Swierczek & Ha, 2003). It also implies seeking creative, extraordinary or strange solutions to problems and needs. Schumpeter (1934) considers entrepreneurship essentially a creative activity and entrepreneur as an innovator who carries out new combinations in the field of men, money, material, machine and management. According to him entrepreneur is an economic men who tries to maximize his profits by making innovations in any one of the following fields: (i) new products, (ii) new production methods, (iii) new markets, and (iv) new forms of organization. The degree of an entrepreneur’s innovativeness will decide how far and how deep the innovation will go in business in order to meet both the strategic goal formulated for the business and the requirements from the environment (Hult et al., 2004). Innovativeness represents a basic willingness to depart from existing technologies or practices and venture
beyond the current state of the art (Covin et al., 2006). An innovative strategic posture is thought to be linked to firm performance because it increases the chances that a firm will realize first mover advantage, stay ahead of their competitors, gain a competitive advantage and capitalize on emerging market opportunities that leads to improved financial results (Kreiser et al., 2002, Hult et al., 2004; Kreiser & Davis, 2011).

2.5.1.2. Risk Taking

Risk taking is the tendency to take bold actions such as venturing into unknown new markets and committing a large portion of resources to ventures with uncertain outcomes. Richard Cantillon (1730) describes entrepreneur as a rational decision-maker "who assumes risk and provides the management of the firm". In the 1800’s John Stuart Mill argued that risk taking is the paramount attribute of entrepreneurship. Risk taking implies willingness for committing huge resources to opportunities which involve probability of high failure (Mintzberg, 1973; Zahra, 1991; Wiklund & Shepherd, 2003). Risk handling is the process in which potential risks to a business are identified, analyzed, mitigated, and prevented, along with the process of balancing the cost of protecting the company against a risk versus the cost of exposure to that risk. The ideal way to cope with risk is to perceive risk at its inception, and taking risk under control right from its inception stage (Cornelia, 1996). Entrepreneurs, in actuality, tend to proactively deal with the risks. Risk-taking has a curvilinear relationship with performance of entrepreneurial firms. Research findings suggest that entrepreneurial firms exhibiting moderate levels of risk-taking would outperform in market as compare to those exhibiting either very high or very low levels of risk-taking (Begley & Boyd 1987; Kreiser et al., 2002; Tang et al., 2008; Kreiser & Davis, 2010). Factors such as how the risk problem is framed (Baird & Thomas 1985; Stewart & Roth 2001), results of past risk taking (Covin & Slevin, 1989; Goll & Rasheed 1997; Swierczek & Ha, 2003), and the ability to perform under risky conditions (Brockhaus, 1980; Lichtenstein & Brush, 2001; Dimitratos et al., 2004; Soininen et al., 2011) effects the risk taking ability of entrepreneur.

2.5.1.3. Proactiveness

Proactiveness is an opportunity seeking, forward looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create, change and shape the environment (Lumpkin & Dess, 1996; Kreiser et al., 2002). Proactiveness is manifested in; (i) aggressive behavior directed at
rival firms; and (ii) the organizational pursuit of favorable business opportunities. Proactiveness simply is the ability to take the initiative, whenever the situation demands. Porter (1985) posited that, in certain situations, firm could utilize proactive behavior in order to increase their competitive position in relation to other firms. Proactiveness is concerned with first mover and other actions aimed at seeking to secure and protect market share and with a forward-looking perspective reflected in actions taken in anticipation of future demand (Venkatraman, 1989; Lee & Penning 2001; Dimitratos et al., 2004). Proactiveness is not only in defense, but in offence as well. Swierczek & Ha (2003); Green et. al. (2008); Stam & Elfring (2008); Clercq et. al. (2010), Kreiser & Davis (2010) suggest that proactiveness refers to processes aimed at anticipating and acting on future needs by seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of life cycle. Thus proactiveness pertains to a willingness to initiate to which competitors then respond.

2.6 Business Performance

Business Performance refers to objective as well as subjective financial and non financial achievements of the organisation with respect to all the stakeholders like shareholders, customers, employees etc. Different measures of Learning orientation, commitment to learning; open mindedness and shared vision are positively linked to performance. Organisational capability is positively linked to learning orientation as well as performance. Innovative capability, innovativeness has significant positive influence on performance (Erdil et al., 2004; Li and Li, 2006; Prieto and Revilla, 2006; Ussahawanitchakit, 2007; Wang, 2008; Chaveerug and Ussahawanitchakit, 2008; Eshlaghy and Maatof, 2011).

Knowledge management capability has a direct impact on the performance and innovation. Social capital affects the financial performance of an organization. The integration of KM processes and Social capital have a significant positive effect on financial performance (Prieto and Revilla, 2006; Li and Li, 2006; Hou and Chien, 2010; Chaveerug and Ussahawanitchakit, 2008; Ussahawanitchakit, 2008; Daud et al., 2010; Mahmoodsalehi and Jahanyan, 2009; Daud et al., 2010)
Lopez et al., (2009) have reported that collaborative HRM practices increase the uniqueness of knowledge and this firm specific knowledge is positive and significantly associated with innovative activity and performance. Mahmoodsalehi and Jahanyan (2009) have suggested that the knowledge management system moderates the relationship between intellectual capital and business performance. This indicates significant effect of knowledge management on intellectual capital and business performance. Rapp (2008) has found that market orientation has a significant direct effect on e-business innovation and customer relationship performance which help in sales growth and business performance. Lin et al. (2008) have found that learning orientation insignificantly affects business performance however it indirectly and positively affects performance via innovativeness, and has also indicated that firms should strengthen their learning orientation and innovativeness and avoid interfering in the organizational structure to improve performance. In a recent study, the researchers have found that organizational commitment to learning leads to strengthening the culture of learning in organization it was also found that a positive relationship between exists between shared vision and innovation. Innovation has a positive and significant effect on the performance of small firms (Eshlaghy and Maatofi, 2011). Hou and Chien (2010) have found that dynamic capability has a positive impact on market knowledge management competence. Many studies have found that Entrepreneurial Orientation, Market Orientation and Knowledge Management Orientation have positive influence on business performance.

2.8 Need for the Study

Knowledge management is one of the emerging fields in the research world today. Knowledge Management has gained a lot of attention in the developed world but has attracted a little attention of researchers in India. There is lack of understanding as to how organizations are focussing on knowledge management practices in India.

Knowledge management has become a highly sophisticated tool for many chief knowledge officers for effectively and efficiently creating, storing and sharing the knowledge at the corporate level. Organizations are becoming knowledge oriented by systematically converting the tacit knowledge into explicit. The organisations can enhance their competitive advantage with the help of better knowledge management orientation.
There is lack of understanding about exact relationships between Knowledge Management Orientation (KMO), Entrepreneurial Orientation (EO), Market Orientation (MO) and Business Performance of organization in the Indian context.

This study is an effort to fill these research gaps. The findings can assist the organisations in sharing the knowledge effectively and efficiently by providing them the necessary insights regarding relationships of Knowledge Sharing, Information Technology, Learning orientation and Performance of an organisation. The findings will also bring forth the relationships which Market Orientation (MO), Entrepreneurial Orientation (EO) and Knowledge Management Orientation (KMO) have with Business Performance.

3. RESEARCH METHODOLOGY

3.1. Research Design

Study will be descriptive in nature, where researcher will not have any control on the variables and it will be cross-sectional in nature, where information will be gathered from respondents at a particular point of time. The study also seeks to find the causal relationships between the constructs.

3.2 Research Problem

Knowledge Management Orientation and its Relationship with Business Performance

3.3. Objectives of the Study

1) To study the Impact of Knowledge Management Orientation on Business Performance.

2) To study the indirect impacts of Knowledge Management Orientation on Business Performance through Market Orientation and Entrepreneurial Orientation.

3) To study the indirect impact of Entrepreneurial Orientation on Business Performance through Market Orientation

4) To study the moderating effect of organisational variables on Knowledge Management Orientation and Business performance relationship.

3.4. Hypotheses

Based on different conceptual frameworks from the research literature and objectives of the present study, following hypotheses have been framed:
H1: Knowledge Management Orientation has direct, significant and positive impact on Business Performance.

H2a: Market Orientation positively mediates the relationship between Knowledge Management Orientation and Business Performance.

H2b: Entrepreneurial Orientation positively mediates the relationship between Knowledge Management Orientation and Business Performance.

H3: Market Orientation positively mediates the relationship between Entrepreneurial Orientation and Business Performance.

H4: Organisational variables will moderate the impact of Knowledge Management Orientation on Business Performance.

3.5. Conceptualized Research Model
Following research models of EO, KMO, MO and Business Performance relationship have been conceptualized:

![Conceptualized Research Model](image)

Figure -2 : Conceptualized Research Model
3.6. Scope of the Study

The scope of the study will be limited to the north Indian firms. The firms listed on Stock Exchanges of India will be considered. The listed companies having their registered/corporate office in the North Indian states and union territories (including Punjab, Haryana, Himachal Pradesh, Jammu & Kashmir, Uttarakhand, Uttar Pradesh, Rajasthan, Chandigarh, and National Capital Region) will be taken into consideration. The Promoters, CEO, Directors and/or senior managers, who have decision making power in the organization, will be taken as respondents.

3.7. Sample Design

Companies listed on Stock Exchanges of India will constitute the universe for the study. Out of these, firms having registered/corporate office in North India (covering Punjab, Haryana, Himachal Pradesh, Jammu & Kashmir, Uttarakhand, Uttar Pradesh, Rajasthan, Chandigarh, and National Capital Region) will be considered as population. Managerial personnel having decision making power in the organization (e.g. Promoters, CEO, Directors and/or senior managers), will be taken as respondents from each firm. A purposive sample of 400 respondent organisations (with 2-3 respondents from each organisation) will be used for the study; whereby sufficient representation will be given to the organisations of different sizes and belonging to different industries.

3.8. Data Sources and Research Instruments

Both primary and secondary data will be used. Primary data will be collected to measure EO (Entrepreneurial Orientation), MO (Market Orientation), KMO (Knowledge Management Orientation) and subjective Business Performance. Secondary data will be used to measure archival performance.

- To measure the Entrepreneurial Orientation, a standardised scale will be used, based on the study of Covin and Slevin (1988).
- To measure the Market Orientation, a standardised scale will be used, based on the study of Narver and Slater (1990).
- To measure the Knowledge Management Orientation, a self developed scale based on the study of Vij and Sharma (2004) will be used.
- To measure the subjective performance, a scale will be developed using subjective financial and subjective non-financial indicators.
• To measure the objective archival performance, financial results available in the published annual reports of the firms will be used.

3.9 Tools for Analysis

The collected data will be analyzed using Descriptive Statistics, Reliability analysis, Bivariate and Multivariate analysis tools. Software packages like SPSS & AMOS will be used for computerized data analysis.

4. TENTATIVE CHAPTER SCHEME

Chapter 1: Introduction

Chapter 2: Review of Literature

Chapter 3: Research Methodology

Chapter 4: Construct Validation

Chapter 5: Testing of Conceptual Model

Chapter 6: Mediation and Moderation Analysis

Chapter 7: Findings and Suggestions

References

Annexure
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A Research Proposal
on
Knowledge Management Orientation and its Relationship with Business Performance

Submitted to
LOVELY PROFESSIONAL UNIVERSITY
in partial fulfilment of the requirements for the award of degree of
DOCTOR OF PHILOSOPHY (Ph.D.) in (Management)

Submitted by: Rayees Farooq
Supervised by: Dr Sandeep Vij
Associate Professor

FACULTY OF BUSINESS AND APPLIED ARTS
LOVELY PROFESSIONAL UNIVERSITY
PUNJAB
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Knowledge Management Orientation and its Relationship with Business Performance

1. INTRODUCTION
The financial success or failure and long term survival depends upon its performance. The Business Performance is dependent upon the orientation of key decision makers and implementation units. Various types of orientations of organisations have been studied and found to be related to business performance. The present study strives to study Knowledge Management Orientation (KMO), Market Orientation (MO) and Entrepreneurial Orientation (EO) of organizations and their relationship with Business Performance in the Indian context so as to provide guidelines to decision makers for successful performance.

Knowledge is increasingly being recognized as the new strategic imperative of organizations. The most established paradigm is that knowledge is power. Therefore, one has to hoard it, keep it to oneself to maintain an advantage. The common attitude of most people is to hold on to one’s knowledge since it is what makes him or her asset to the organization. Knowledge is still considered power – an enormous power in fact. But the understanding has changed considerably, particularly from the perspective of organizations. The new paradigm is that within the organization knowledge must be shared in order for it to grow (Filemon, 2008).

In the modern economy, the knowledge provides competitive advantage to organizations. This competitive advantage is realized through the full utilization of information and data coupled with the harnessing of people’s skills and ideas as well as their commitments and motivations.

In general, there are two types of knowledge: tacit knowledge and explicit knowledge. Tacit knowledge is that stored in the brain of a person. Explicit knowledge is that contained in documents or other forms of storage other than the human brain. Explicit knowledge may therefore be stored or imbedded in facilities, products, processes, services and systems. Both types of knowledge can be produced as a result of interactions or innovations. They can be the outcome of relationships or alliances. They permeate the daily functioning of organizations and contribute to the attainment of their objectives. Both tacit and explicit knowledge enable organizations to respond to novel situations and emerging challenges (Filemon, 2008).
Knowledge Management: Knowledge Management is the conversion of tacit knowledge into explicit knowledge and sharing it within the organization. Putting it more technically and accurately, knowledge management is the process through which organizations generate value from their intellectual and knowledge based assets. Defined in this manner, it becomes apparent that knowledge management is concerned with the process of identifying, acquiring, distributing and maintaining knowledge that is essential to the organization.

**Knowledge Management Orientation**

It is believed that knowledge management orientation of organisations differs. It is also suggested that knowledge management orientation of organisations is a function of:

1) Knowledge sharing orientation,

2) Information technology orientation and

3) Learning orientation

Knowledge sharing is the critical means through which employees can contribute to knowledge application, innovation and ultimately the competitive advantage. Knowledge sharing oriented knowledge management practices include: appointment of facilitators to help people better express what they know so that others can understand it, making knowledge sharing behaviours integral part of performance appraisal system, depriving people of some organizational benefits for not sharing the knowledge, publicly recognizing and rewarding the knowledge sharing employees. In such an atmosphere, people do not have any reservations while parting with their tacit knowledge. Effective knowledge sharing within an organization can be improved by a structured IT system which enables employees to deposit and share knowledge (French, 2010).

IT oriented knowledge management practices include: acquiring latest technology if it is in any way helpful in improving the learning speed of the employees, belief of the top management that technology supports better communication, sharing and increases the speed of learning, process mechanization and automation wherever possible, provision of corporate information specialists to help the employees use online tools including the Internet. In such an atmosphere, employees always welcome new technologies and there is very less resistance to change (Vij and Sharma, 2004).
Learning Orientation stands for the tendency to create and apply knowledge in organization. It is a set of values exhibited by the organization that demonstrates that organization is likely to develop a learning culture.

**Market Orientation**

The marketing orientation concept assumes that the key to firm success is identifying customers’ needs and satisfying them more effectively than competitors do. In literature, there are two main perspectives of market orientation, cultural and behavioural (Kohli & Jaworski, 1990; Narver & Slater, 1990). Narver and Slater (1990) define market orientation as the organization culture that “most effectively and efficiently creates the necessary behaviours for the creation of superior values for buyers and, thus, continuous superior performance for business”. In this perspective, market orientation consists of three components:

1) Customer orientation,
2) Competitor orientation, and
3) Interfunctional coordination.

Customer and competitor orientation include all the activities involved in acquiring customer and competitor information and disseminating it throughout the firm. Interfunctional coordination comprises the firm’s efforts to create superior value for customers. In turn, according to Kohli and Jaworski, market orientation in behavioural perspective includes three key activities: generation of market intelligence, dissemination of the intelligence across departments and organisation-wide responsiveness to it.

**Entrepreneurial Orientation**

Entrepreneurial Orientation (EO) refers to the processes, practices, and decision-making activities that lead to new entry. This construct is concerned with the methods, practices, and decision making styles used by the managers. The term Entrepreneurial Orientation (EO) is also used to refer to the set of personal psychological traits, values, attributes, and attitudes that are strongly associated with a motivation to engage in entrepreneurial activities. In this perspective, Entrepreneurial Orientation consists of three components:

1) Innovativeness,
2) Risk Taking, and
3) Proactiveness

The following figure shows the dimensions of constructs under study:
Figure-1: Dimensions of Constructs under Study

Source: Narver and Slater (1990)

Source: Covin and Slevin (1988)

Source: Vij and Sharma (2004)
2. REVIEW OF LITERATURE

The studies related to the variables under consideration as shown in (Figure-1) have been reviewed. The following paragraphs present a theme-wise summary of the literature reviewed.

2.1 Knowledge Sharing Orientation (KSO)

The construct of knowledge sharing has been studied from different facets. The Literature suggests that top management supports are positively associated with knowledge sharing (Gupta, 2008; Hsu and Wang, 2008). French (2010) has concluded that employees are more likely to share knowledge within an environment where there are high levels of trust. Individual’s attitude and the level of tendency towards knowledge sharing is the primary factor influencing intention to share knowledge (Abzari and Abbasi, 2011; Chatzoglou and Vraimaki, 2009). Trust acts as an antecedent to the knowledge sharing or knowledge transfer in the organizations (Antonova et al., 2011; Holste and Fields, 2010). Islam et al (2011) have found that reward system does not have any impact on knowledge sharing. They also concluded that cultural elements, namely, trust, communication between staff, and leadership are vital for knowledge sharing in Bangladeshi service organizations. Kim and Lee (2006) have found that performance based reward systems, centralization, and social networks are significant variables that affect employee knowledge sharing capabilities in public and private organizations. Organizational support is positively associated with organisational perceptions of innovation characteristics and interpersonal trust, which in turn are positively related to organisational intention to facilitate knowledge sharing (Lin, 2006). Kang et al (2008) have concluded that perceived trustworthiness between individuals involved in knowledge sharing has positively influenced both knowledge sharing and individual work performance. Boumarafi and Johnoun (2008) have found that organizational culture, organizational infrastructure, management support reward and over performance, vision clarity are good indicators for measuring the contribution of knowledge management to performance improvement. Companies, needs to provide and support the acquisition, sharing and application of knowledge for effective knowledge management and systems (Navarro and Conesa, 2007; Gold et al., 2007). Organizational memory, knowledge sharing, knowledge absorption, and knowledge receptivity serve as first-order indicators of the higher-order construct labelled knowledge management orientation, which, in turn, has a positive link with market orientation and performance (Wang et al; 2009). Knowledge sharing is related to performance, and different dimensions of knowledge sharing contribute to performance differently.
Contingent factors (integration of activities, organicness of structure and characteristic of top management) influence the relationship between knowledge sharing and performance (Du et al; 2007). Successful knowledge transfer requires high level of individual motivation so that knowledge seeker and knowledge provider openly share and accept it because both motivational factors and knowledge sharing has significant and major effect on performance (Akram and Bokhari; 2011)

2.2 Information Technology Orientation (ITO)

Construct of information technology orientation has been studied from different facets. Lin et al (2007) have concluded that organisations can improve knowledge management capabilities by investing appropriately in IT infrastructure which supplies individuals with matching resources. It has been found that Social networks, centralisation, performance based reward system, employee usage of IT applications, and user friendly IT systems were found to significantly affect employee knowledge capabilities in the organisations (Kim and Lee, 2006). Tanriverdi (2005) have examined that IT relatedness of the firm’s business unit’s increases cross-unit knowledge management capability; KM capability in turn leads to superior firm performance. It has been found that there was clear emphasize on the use of general IT tools to support knowledge management activities, rather than the use of tools specific to KM (Edwards et al., 2005).IT competences in information and knowledge management, project management, collaboration and communication, and business involvement are likely to improve an organization’s ability to innovate (Gordon and Tarafdar, 2007). It has been concluded that KM strategies both human and system has been shown to have a significant impact on the KM enablers of trust, and have also found that T shaped skills put effect on performance but first on innovation (Jean-Paul and Shih, 2011). Mahmoodsalehi and Jahanyan (2009) have found that Knowledge management system moderates the relationship between intellectual capital and business performance. This indicates significant effect of knowledge management on intellectual capital and business performance. Tanriverdi (2005) have reported that Knowledge management capability creates and exploits cross unit synergies; and these synergies increase the financial performance of the firm. Wild and Griggs (2008) have examined that simulation prototype system contributed to the effective facilitation of knowledge management and is an important tenet of modern day organisational management. Market orientation has a significant direct effect on e-business innovation and customer relationship performance which help in sales growth and business performance (Rapp, 2008). Harrim, (2008) have found that there is Strong positive relationship between
learning orientation and performance and between each of the learning orientation dimensions (system thinking, shared vision, teamwork and collaboration, leadership, empowerment, organization culture, and learning environment) and each scale of org performance (financial performance, customer service, internal processes and learning/growth/innovation).

2.3 Learning Orientation (LO)
Construct of learning orientation has been studied from different facets. Learning orientation has positive effect on business performance. The high level of commitment to learning, open-mindedness and shared vision lead to more innovation in small firms. Innovation in turn has a positive effect on the profitability of the firm (Li and Li, 2006; Prieto and Revilla, 2006; Brachos et al., 2007; Phomket Chanthima, 2007; Chaveerug and Ussahawanitchakit, 2008; Harrim, 2008; Eshlghy and Maatofi, 2011). Learning Orientation is an important mediator factor in Entrepreneurial Orientation and Performance relationships (Wang, 2008). Pett and Wolff (2005) have examined the relationship between an organizational learning orientation with the concept of Market Orientation and Entrepreneurial Orientation in the context of high performing SME’s. The finding shows that there was the positive relationship between Learning Orientation, Entrepreneurial Orientation and Market Orientation to SME performance. Sinkula et al. (1997) suggested a model which shows that more positive Learning Orientation will directly result in increased market information generation and dissemination. Learning Orientation is a key antecedent of all HRM practices. It is suggested that knowledge management and organizational learning play their important role in creating organizational capability which leads to superior performance (Theriou and Chatzoglou, 2007; Simonin and Oszomer, 2009). Organization learning is considered as an important way to gain competitive advantage. Learning organizations are one which improves its knowledge by taking into consideration the external environment (Galer and Heijden, 1992; Rampersad, 2002; Frank et al., 2004; Loan, 2006; Oliver, 2008). Organizations should use only that language which employees can understand and motivation should be given to employees to learn that individual learning will lead to organization learning. Organizations should always use the knowledge management system to create an opportunity for individuals and organizations to learn. Organizations should link organization learning with strategy to improve the performance (Ya –Hui, 2007; Ajmal 2009). Learning Orientation is an important mediator in the Entrepreneurial Orientation and Performance relationship. Entrepreneurial firms must foster organizational learning in
order to maximize the effect of Entrepreneurial Orientation on performance (Slater and Narver, 1995; Sinkula et al., 1997; Pett and Wolff, 2005; Wang, 2008, Wang and Wei, 2005; Keskin, 2006). Organizations should share their experiences, best practices, success and failures. Top management should motivate employees only then organizations can become learning Organizations. Organization which are interested in enhancing their competitive advantage and innovation need to become learning Organization. It will help practitioners and academics to understand the complexities of cultural issues during KM initiatives in the context of improving project performance. (Li and Li, 2006; Oliver, 2008; Ajmal, 2009; Kreleva, 2011).

2.4 Market Orientation (MO)

Slater and Narver (2000) found that market orientation and business performance are positively related. Pulendran et al. (2000), and Tay and Morgan (2002) identified significant, positive links between market orientation and overall performance. The consumer orientation is similar in definition to a “market orientation” as defined by Kohli and Jaworski (1990) because it begins and ends with the needs of the customer. For small firms, market orientation can also help to improve performance. However, the most distinguished perspectives in marketing literature are those of Narver and Slater, (1990) and Kohli and Jaworski (1990). The culturally - based perspective by Narver and Slater (1990) defined market orientation as the organizational culture that most effectively and efficiently creates the necessary behaviour for the creation of superior value for buyers and thus, continuous superior performance for the business. According to them, market orientation consists of the three components of customer orientation, competitor orientation and inter-functional coordination. From this perspective, there must be a sufficient understanding of market elements: customers, competitors, channel members and suppliers to be able to create continuous superior value. Literature review suggests correlation between knowledge management and market orientation. Some researchers claim that a market orientation is a sub-set of a knowledge management orientation (Darroch & McNaughton, 2003). Accordingly, knowledge management orientation is a broader concept than market orientation and includes, beside market intelligence, knowledge about non-market factors such as knowledge about financial issues and technology. Empirical studies indicate a direct impact of knowledge management on market orientation, and an indirect, via market orientation, impact of knowledge management on firm growth (Wang et al., 2009). The opposite relationship was also reported. An organizational culture of being market-oriented is important driver of
knowledge management, particularly knowledge acquisition and dissemination (Hu, 2010).

Although there is no agreement when it comes to the direction of the relationship between knowledge management and market orientation, studies confirm that, at least in large firms, there is a significant and positive relationship between those concepts. The existence of this relationship has rational explanation. Lack of appropriate mechanisms of knowledge management in firms hampers or even disables effective creation and dissemination of market knowledge and consequently appropriate reaction on this knowledge. On the contrary, successful knowledge management implemented in a firm creates conditions for processing, interpreting and using of knowledge about market trends and events.

Thus integration of knowledge management and market orientation might be a key competency and improve the competitive position of a firm. In this way, two approaches to formulating strategy are combined: inside out and outside in (Wang et al., 2009).

2.4.1. Dimensions of Market Orientation

Market Orientation (MO) is often operationalized on the basis of three dimensions identified by Narver and Slater (1990), viz. ‘Customer Orientation’, ‘Competitor Orientation’, and ‘Interfunctional Coordination’, to characterize and test market orientation. These dimensions have been briefly discussed below

2.4.1.1 Customer Orientation (CO)

Customer orientation refers to the marketers’ knowledge on target customers in order to create superior value (Narver and Slater, 1990; Kohli & Jaworski, 1990). Thus marketers have to understand needs, wants, expectations, preferences, behavioural responses, and perceptions of current and potential customers. Customer orientation emphasizes the role of sufficiently understanding target customers

2.4.1.2 Competitor Orientation (CMO)

Competitor orientation means understanding competitors’ strengths, capabilities and weakness in order to create superior value to their customers than their competitors. Moreover information collection, competitive intelligence and competitor’s awareness are also part of competitor orientation (Narver & Slater, 1990)
2.4.1.3 Interfunctional Coordination (IFC)

Interfunctional Coordination emphasizes coordinating the use of company resources and customer-related activities throughout the entire organization (Narver and Slater, 1990). Thus collective support of all departments, functions, levels and units is of vital importance to ensure value addition to their customers. Meanwhile inter functional coordination is essential to ensure social responsibilities of business.

2.5 Entrepreneurial Orientation (EO)

Entrepreneurial Orientation (EO) has emerged as a major construct within the strategic management and entrepreneurship literature over the past two and a half decades. It can be viewed as a characteristic of organizations, which can be measured by looking at top management’s entrepreneurial style, as evidenced by the firms’ strategic decisions and operating management philosophy (Miller, 1983). Covin and Slevin (1988) argue that an organization’s EO is the summation of the extent to which top managers are inclined to take business related risks, to favour change and innovation in order to obtain a competitive advantage for their firm and to compete aggressively with other firms. They proposed that EO should be considered as the strategic dimension which can be observed from the firms’ strategic posture running along a continuum from a fully conservative orientation to a completely entrepreneurial one. They suggest that firms with a propensity to engage in relatively high levels of risk taking, innovative, and proactive behaviours have entrepreneurial orientation while those engaging in relatively low levels of these behaviours have conservative orientation (Covin & Slevin, 1991). According to Lumpkin and Dess (1996), EO refers to the processes, practices, and decision-making activities that lead to new entry. They considered EO as a process construct, which is concerned with the methods, practices, and decision making styles used by the managers. However, the term EO is also used to refer to the set of personal psychological traits, values, attributes, and attitudes that are strongly associated with a motivation to engage in entrepreneurial activities (Kilby, 1971; Mintzberg, 1973; Miller & Toulouse, 1986; Kreiser et al., 2002; Poon et al., 2006). EO is an important measure of the way a firm is organized. It has been conceptualized as the process and decision making activities used by entrepreneur to act entrepreneurially (Lumpkin & Dess, 2001; Rauch et al., 2006; Kreiser & Davis, 2010; Ullah et al., 2011). In gist, EO refers to a firm’s strategic
orientation and it is usually seen as the extent to which a firm innovates, takes risks to compete aggressively and acts autonomously and proactively.

Entrepreneurial orientation should be distinguished from entrepreneurship. The essence of entrepreneurial orientation is on how the entrepreneurs implement entrepreneurship in the course of realizing their career ambition. On the other hand, focus of entrepreneurship is on new entry. New entry can be accomplished by entering new or established markets with new or existing goods or services (Burgelman, 1983).

2.5.1. Dimensions of Entrepreneurial Orientation

Entrepreneurial Orientation (EO) is often operationalized on the basis of three dimensions identified by Covin and Slevin (1989), based on the earlier work of Khandwalla (1976) and Miller and Friesen (1982), viz. ‘Innovativeness’, ‘Risk Taking’, and ‘Proactiveness’, to characterize and test entrepreneurship.

These dimensions have been briefly discussed below:

2.5.1.1. Innovativeness

Innovativeness of entrepreneurs is their propensity to innovate their business (Miller & Friesen, 1982), their willingness to try the ways which are different from the existing, the enthusiasm to adopt new ideas or new methods to their business operation and the eagerness to implement the innovation strategy in their business (Khandwalla, 1987). Innovativeness reflects a firm’s tendency to engage in and support new ideas, novelty, experimentation, and creative processes (Lumpkin & Dess, 1996) that may result in new products, services, or technological processes and which may take the organization in new paradigm of success (Swierczek & Ha, 2003). It also implies seeking creative, extraordinary or strange solutions to problems and needs. Schumpeter (1934) considers entrepreneurship essentially a creative activity and entrepreneur as an innovator who carries out new combinations in the field of men, money, material, machine and management. According to him entrepreneur is an economic men who tries to maximize his profits by making innovations in any one of the following fields: (i) new products, (ii) new production methods, (iii) new markets, and (iv) new forms of organization. The degree of an entrepreneur’s innovativeness will decide how far and how deep the innovation will go in business in order to meet both the strategic goal formulated for the business and the requirements from the environment (Hult et al., 2004). Innovativeness represents a basic willingness to depart from existing technologies or practices and venture
beyond the current state of the art (Covin et al., 2006). An innovative strategic posture is thought to be linked to firm performance because it increases the chances that a firm will realize first mover advantage, stay ahead of their competitors, gain a competitive advantage and capitalize on emerging market opportunities that leads to improved financial results (Kreiser et al., 2002, Hult et al., 2004; Kreiser & Davis, 2011).

2.5.1.2.Risk Taking

Risk taking is the tendency to take bold actions such as venturing into unknown new markets and committing a large portion of resources to ventures with uncertain outcomes. Richard Cantillon (1730) describes entrepreneur as a rational decision-maker "who assumes risk and provides the management of the firm". In the 1800’s John Stuart Mill argued that risk taking is the paramount attribute of entrepreneurship. Risk taking implies willingness for committing huge resources to opportunities which involve probability of high failure (Mintzberg, 1973; Zahra, 1991; Wiklund & Shepherd, 2003). Risk handling is the process in which potential risks to a business are identified, analyzed, mitigated, and prevented, along with the process of balancing the cost of protecting the company against a risk versus the cost of exposure to that risk. The ideal way to cope with risk is to perceive risk at its inception, and taking risk under control right from its inception stage (Cornelia, 1996). Entrepreneurs, in actuality, tend to proactively deal with the risks. Risk-taking has a curvilinear relationship with performance of entrepreneurial firms. Research findings suggest that entrepreneurial firms exhibiting moderate levels of risk-taking would outperform in market as compare to those exhibiting either very high or very low levels of risk-taking (Begley & Boyd 1987; Kreiser et al., 2002; Tang et al., 2008; Kreiser & Davis, 2010). Factors such as how the risk problem is framed (Baird & Thomas 1985; Stewart & Roth 2001), results of past risk taking (Covin & Slevin, 1989; Goll & Rasheed 1997; Swierczek & Ha, 2003), and the ability to perform under risky conditions (Brockhaus, 1980; Lichtenstein & Brush, 2001; Dimitratos et al., 2004; Soininen et al., 2011) effects the risk taking ability of entrepreneur.

2.5.1.3.Proactiveness

Proactiveness is an opportunity seeking, forward looking perspective involving introducing new products or services ahead of the competition and acting in anticipation of future demand to create, change and shape the environment (Lumpkin & Dess, 1996; Kreiser et al., 2002). Proactiveness is manifested in; (i) aggressive behavior directed at
rival firms; and (ii) the organizational pursuit of favorable business opportunities. Proactiveness simply is the ability to take the initiative, whenever the situation demands. Porter (1985) posited that, in certain situations, firm could utilize proactive behavior in order to increase their competitive position in relation to other firms. Proactiveness is concerned with first mover and other actions aimed at seeking to secure and protect market share and with a forward-looking perspective reflected in actions taken in anticipation of future demand (Venkatraman, 1989; Lee & Penning 2001; Dimitratos et al., 2004). Proactiveness is not only in defense, but in offence as well. Swierczek & Ha (2003); Green et. al. (2008); Stam & Elfring (2008); Clercq et. al. (2010). Kreiser & Davis (2010) suggest that proactiveness refers to processes aimed at anticipating and acting on future needs by seeking new opportunities which may or may not be related to the present line of operations, introduction of new products and brands ahead of competition, strategically eliminating operations which are in the mature or declining stages of life cycle. Thus proactiveness pertains to a willingness to initiate to which competitors then respond.

2.6 Business Performance
Business Performance refers to objective as well as subjective financial and non financial achievements of the organisation with respect to all the stakeholders like shareholders, customers, employees etc.

Different measures of Learning orientation, commitment to learning; open mindedness and shared vision are positively linked to performance. Organisational capability is positively linked to learning orientation as well as performance. Innovative capability, innovativeness has significant positive influence on performance (Erdil et al., 2004; Li and Li, 2006; Prieto and Revilla, 2006; Ussahawanitchakit, 2007; Wang, 2008; Chaveerug and Ussahawanitchakit, 2008; Eshlaghy and Maatofi, 2011).

Knowledge management capability has a direct impact on the performance and innovation. Social capital affects the financial performance of an organization. The integration of KM processes and Social capital have a significant positive effect on financial performance (Prieto and Revilla, 2006; Li and Li, 2006; Hou and Chien, 2010; Chaveerug and Ussahawanitchakit, 2008; Ussahawanitchakit, 2008; Daud et al., 2010; Mahmoodsalehi and Jahanyan, 2009; Daud et al., 2010)
Lopez et al., (2009) have reported that collaborative HRM practices increase the uniqueness of knowledge and this firm specific knowledge is positive and significantly associated with innovative activity and performance. Mahmoodsalehi and Jahanyan (2009) have suggested that the knowledge management system moderates the relationship between intellectual capital and business performance. This indicates significant effect of knowledge management on intellectual capital and business performance. Rapp (2008) has found that market orientation has a significant direct effect on e-business innovation and customer relationship performance which help in sales growth and business performance. Lin et al. (2008) have found that learning orientation insignificantly affects business performance however it indirectly and positively affects performance via innovativeness, and has also indicated that firms should strengthen their learning orientation and innovativeness and avoid interfering in the organizational structure to improve performance. In a recent study, the researchers have found that organizational commitment to learning leads to strengthening the culture of learning in organization it was also found that a positive relationship between exists between shared vision and innovation. Innovation has a positive and significant effect on the performance of small firms (Eshlaghy and Maatofi, 2011). Hou and Chien (2010) have found that dynamic capability has a positive impact on market knowledge management competence. Many studies have found that Entrepreneurial Orientation, Market Orientation and Knowledge Management Orientation have positive influence on business performance.

2.8 Need for the Study
Knowledge management is one of the emerging fields in the research world today. Knowledge Management has gained a lot of attention in the developed world but has attracted a little attention of researchers in India. There is lack of understanding as to how organizations are focussing on knowledge management practices in India.

Knowledge management has become a highly sophisticated tool for many chief knowledge officers for effectively and efficiently creating, storing and sharing the knowledge at the corporate level. Organizations are becoming knowledge oriented by systematically converting the tacit knowledge into explicit. The organisations can enhance their competitive advantage with the help of better knowledge management orientation.
There is lack of understanding about exact relationships between Knowledge Management Orientation (KMO), Entrepreneurial Orientation (EO), Market Orientation (MO) and Business Performance of organization in the Indian context.

This study is an effort to fill these research gaps. The findings can assist the organisations in sharing the knowledge effectively and efficiently by providing them the necessary insights regarding relationships of Knowledge Sharing, Information Technology, Learning orientation and Performance of an organisation. The findings will also bring forth the relationships which Market Orientation (MO), Entrepreneurial Orientation (EO) and Knowledge Management Orientation (KMO) have with Business Performance.

3. RESEARCH METHODOLOGY

3.1. Research Design

Study will be descriptive in nature, where researcher will not have any control on the variables and it will be cross-sectional in nature, where information will be gathered from respondents at a particular point of time. The study also seeks to find the causal relationships between the constructs.

3.2 Research Problem

Knowledge Management Orientation and its Relationship with Business Performance

3.3. Objectives of the Study

1) To study the Impact of Knowledge Management Orientation on Business Performance.
2) To study the indirect impacts of Knowledge Management Orientation on Business Performance through Market Orientation and Entrepreneurial Orientation.
3) To study the indirect impact of Entrepreneurial Orientation on Business Performance through Market Orientation
4) To study the moderating effect of organisational variables on Knowledge Management Orientation and Business performance relationship.

3.4. Hypotheses

Based on different conceptual frameworks from the research literature and objectives of the present study, following hypotheses have been framed:
H₁: Knowledge Management Orientation has direct, significant and positive impact on Business Performance.

H₂ₐ: Market Orientation positively mediates the relationship between Knowledge Management Orientation and Business Performance.

H₂ₐ: Entrepreneurial Orientation positively mediates the relationship between Knowledge Management Orientation and Business Performance.

H₃: Market Orientation positively mediates the relationship between Entrepreneurial Orientation and Business Performance.

H₄: Organisational variables will moderate the impact of Knowledge Management Orientation on Business Performance.

3.5. Conceptualized Research Model

Following research models of EO, KMO, MO and Business Performance relationship have been conceptualized:

![Conceptualized Research Model](image-url)

Figure -2 : Conceptualized Research Model
3.6. Scope of the Study

The scope of the study will be limited to the north Indian firms. The firms listed on Stock Exchanges of India will be considered. The listed companies having their registered/corporate office in the North Indian states and union territories (including Punjab, Haryana, Himachal Pradesh, Jammu & Kashmir, Uttarakhand, Uttar Pradesh, Rajasthan, Chandigarh, and National Capital Region) will be taken into consideration. The Promoters, CEO, Directors and/or senior managers, who have decision making power in the organization, will be taken as respondents.

3.7. Sample Design

Companies listed on Stock Exchanges of India will constitute the universe for the study. Out of these, firms having registered/corporate office in North India (covering Punjab, Haryana, Himachal Pradesh, Jammu & Kashmir, Uttarakhand, Uttar Pradesh, Rajasthan, Chandigarh, and National Capital Region) will be considered as population. Managerial personnel having decision making power in the organization (e.g. Promoters, CEO, Directors and/or senior managers), will be taken as respondents from each firm. A purposive sample of 400 respondent organisations (with 2-3 respondents from each organisation) will be used for the study; whereby sufficient representation will be given to the organisations of different sizes and belonging to different industries.

3.8. Data Sources and Research Instruments

Both primary and secondary data will be used. Primary data will be collected to measure EO (Entrepreneurial Orientation), MO (Market Orientation), KMO (Knowledge Management Orientation) and subjective Business Performance. Secondary data will be used to measure archival performance.

- To measure the Entrepreneurial Orientation, a standardised scale will be used, based on the study of Covin and Slevin (1988).
- To measure the Market Orientation, a standardised scale will be used, based on the study of Narver and Slater (1990).
- To measure the Knowledge Management Orientation, a self developed scale based on the study of Vij and Sharma (2004) will be used.
- To measure the subjective performance, a scale will be developed using subjective financial and subjective non-financial indicators.
• To measure the objective archival performance, financial results available in the published annual reports of the firms will be used.

3.9 Tools for Analysis

The collected data will be analyzed using Descriptive Statistics, Reliability analysis, Bivariate and Multivariate analysis tools. Software packages like SPSS & AMOS will be used for computerized data analysis.

4. TENTATIVE CHAPTER SCHEME

Chapter 1: Introduction

Chapter 2: Review of Literature

Chapter 3: Research Methodology

Chapter 4: Construct Validation

Chapter 5: Testing of Conceptual Model

Chapter 6: Mediation and Moderation Analysis

Chapter 7: Findings and Suggestions

References

Annexure
REFERENCES


