

Role of Transformational Leadership In Effective Knowledge Management

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Abstract

Role of leadership for knowledge management is highlighted very clearly by Cleveland (1985). He stressed on role of leadership for using teams, communities and other networks for managing Knowledge and information. The Role leadership for managing knowledge and information through two sources like social networks and technology. The role of leaders for managing internal customers and sharing information with them and getting information from them is an important study that is observed by Wetlaufer (1999). The purpose of the research is to find the relationship between Transformational leadership behaviors to manage the knowledge in organizations.

Key word: Transformational Leadership, Transactional leadership, Knowledge Management.

1.0 Introduction

Research and leadership theory has not Addressed the role of leaders in managing information and knowledge despite their importance to the organization (Davenport et al., 1998; Hansen et al., 1999). According to Knowledge based theories role of leadership in knowledge managing is a key advantage (Grant and Baden-Fuller, 2004) and the firm play its role of facilitator for knowledge integration that is exist in the minds of individuals. A little research has been made aimed at finding the relationship between role of leadership on knowledge management. Every organization is trying to make changes in its leadership styles of transferring knowledge and also trying to change information system. Today information sharing speed is much faster that could not be imagine 10 years ago. The trend of transferring knowledge effects the leadership by boosting the speed of inputs, requiring most fast transformation of knowledge that can create the competition and response to customer demands regarding products. The functions of leader in short term future will be impacted by the change in current information system. The concept of leadership is too old but realized after industrial revolution (Pearce and Conger, 2003). The trait theories focus on personal characteristics for success of leadership while behavior theories focus on certain leader behaviors for success (House and Aditya, 1997).

Knowledge management has becoming very important as world is moving towards economies of scale. Due to unique character of knowledge distinguish it from other physical products. Over the past 15 years knowledge management has represent the changing nature of the workplace, paradigm shift. According to peter Drucker old factors of productions like land labor and capital are changed by knowledge (Drucker, 1993, p 45.). Knowledge management field has increasing its importance as world is moving towards knowledge based economies. Knowledge has its unique characteristics distinguish it from other products especially its managing characteristics creates value in companies. According to knowledge based theories a firm is responsible for knowledge creation. Other theories of knowledge based theories knowledge is the key source of firms competitive advantage (grant and Baden-fuller, 2004) and firms play its role of facilitator for integration of knowledge that exists in the minds of individuals. This view has increased the focus on human resource and issue of leadership. A little research has been made to explore the relationship between knowledge management and leadership strategy. Knowledge management is a key to gain competitive advantage in different business situations has increased considerably in few years (Lloyd, 1996; Brooking, 1997; Skyrme and Amidon, 1997; Davenport et al., 1998; Nahapiet and Ghoshal, 1998).

2.0 LITRATURE SURWAY

2.1 TRANSFORMATIONAL LEADERSHIP

The process in which leaders and followers engage in the process of increasing the level of morality and motivation. Transformation is a element in which leaders cultivate the needs of followers. According to Burns the leaders who continuously focus on the needs are responsible to followers. Some researchers says that there is

a link between information technology and leadership and also some of them says that there is a link between transformational leadership and KM. Klenke in (1994) said that information technology and leaders build new forms of organization. The link between transformational leadership and innovation is difficult to clarify because of varieties of information technology and functional behaviors of leadership. Innovators are more cooperative and transformational as compare to those who are not cooperative and transformational. Usually they are decision makers. They take decision in two ways:

1. Keeping in mind rules and procedures apply reasonable methods to promote decision making.
2. Engage in the process of participation, helping and application of innovation.

Transformational leadership is a personal innovation. These leaders are more innovative as compare to transactional leaders.

2.2 KNOWLEDGE MANAGEMENT

Singh (2008) defined KM is a clear and definite observation about something that is based on the facts or understandings. Knowledge is knowing about tacit as well as explicit knowledge. Knowledge is a understanding of information. Knowledge and information are two different things. These two concepts are different in letter and in strength. At the same time information is used to build the knowledge. The knowledge increases its value when it focuses on the mission and has a key purpose strategies and priorities. The process used for determining which information a company has and how this information will benefit to the concerned people. There are some steps that how company engage in the process of capturing knowledge, evaluating, cleaning and storing it for further usage. There are very few organizations which are competent in managing knowledge (tacit and explicit). These organizations are learning organizations which are highly expert, skilled. They are always engage in the activities of creating, acquiring it and disseminating it. (Crawford, 2005). It's a reality that Knowledge is a quit complex. If knowledge is codified or explicit then KM functions are not limited to management and fulfillment. Lot of knowledge held by the individuals who or working in organization and organization tries to manage it. Tacit knowledge is in the mind of people which is difficult to draw, describe, capture and transfer. It is a team based and personal experience and intuition that are only acquired by judgment. Tacit knowledge is very important organizational resource. Research says 42 percent knowledge is with work force in their minds. (Chawla and joshi, 2010). It is the collective knowledge which is exists in the minds of company's employees, customers and supplier. to meet the objective KM identify and analyze the knowledge which is required and available and plan out activities to control and developing and implementing knowledge assests.

3.0 TRANSFORMATIONAL LEADERSHIP IN KNOWLEDGE MANAGEMENT

(Crawford, 2005).knowledge management Behaviors were significantly forecasted by transformational leadership secretarial for 19.5 percent of the variance. Important predictor of Knowledge Management was organizational position, with Transformational leadership, secretarial for 21.1 percent of the variance of knowledge management. (Merat and Bo,2012). There is a combination between KM and Transformational leadership. Knowledge is not directly accessible but through individuals who own it and those are leaders who transfer it. There is a need to keep in mind the Human aspects of the issue while managing knowledge. Without it, it is a vague method by which knowledge holder contribute in creating, integrating and applying knowledge. There is possible and reasonable combination between knowledge management and Transformational leadership personalization-distribution and codification-centralization. (singh, 2008). Research shows the directive and sympathetic styles of leadership. They are radically and negatively linked with the art of knowledge management practices. It also indicates that transformational and consulting styles of leadership are considerably and positively linked in managing knowledge. Only transformational styles of leadership are considered for creating, predicting and managing knowledge as a competitive advantage. (Crawford, 2005). The persons centered nature of transformational leadership can make the difference, seemingly because of reliable and right relationship. Knowledge management cannot expand with lazy and transactional leadership. Transformational leadership is more significant than the position of organization. Research shows that there is a great relationship between organizational position and modern work place. As individual moving up in hierarchy he can understand better how to manage knowledge and share it in organization. (Merat and Bo, 2012).there must be alignment between knowledge management strategies and organizational transformational strategies of leaders. (Singh, 2008). Effective organizations depend on effective leadership styles rather than leaders. There is a need to provide some powers and transformational style of leadership to every individual who can manage and transfer his knowledge. The knowledge leaders must transfer knowledge and encourage members to build relationship through the activities of knowledge capturing and disseminating. (Singh, 2008). Knowledge leaders and approaches they

used for managing knowledge have direct impact on companies' success or failure. (Singh, 2008).at every level of organization leaders play very important role for managing knowledge and there is a need that CEO must involved in knowledge sharing process. Motivation is not sufficient in this regard but the dedicated leaders for capturing and transferring knowledge. (Crawford, 2005).managing knowledge is a jointly process and a goal. There is a need to focus on the aspects of transformational leadership and knowledge management. (Singh,2008). The productivity of an organization depends on suitable styles of leadership for managing and transferring knowledge. The value of knowledge is increased when it is focus on mission and has a purpose, core values and preferences. Knowledge management is a process for exploring that what kind information a knowledge leader has that can benefit to others through transformation of it. For this purpose steps to capture, evaluate, cleaned, store and transfer. Very few organizations can handle tacit and explicit knowledge. Knowledge leaders need to have dedication to handle both knowledge and share it with members.

4.0 Methodology

It is an expressive study which will help to find out the level of transformational Leadership impact on knowledge management. The study will be mix of qualitative and quantitative, cross sectional, by observing and interviewing individuals and organizations and using primary data. The nature of the study is causal; so that the purpose of the research work is to the check the relationships between the two variables i.e. the Transformational leadership and the knowledge management. The study will be a non artificial background study i.e. will be done as field experiment. The observations will be taken without any intervention and outcome will be deduced without any manipulation

4.1 Data collection

The procedure of data compilation will encompass of principal means i.e. will include by interviewing the students and organization employees and floating questioners and getting responses from qualified respondents.

4.2 Population & sample The units of analysis for the research will be individuals and organizations who has the knowledge management departments. The educational institutions will be the population for gathering information while sample will be selected via random sampling technique.

4.3 Tools

Study will include correlation analysis (quantitative methods) between two variables for getting the result in numeric terms in order to develop theory based answer and to satisfy research conclusions.

5.0 Regression Analysis

Regression is used as a tool to test hypotheses of the study. Regression analysis was performed to test research objectives and to check the impact of IV on Dv by analyzing correlation and regression.

Table1.1

	DV=Knowledge Management			
IV	Coefficient	Std.Error	T-statistics	P-value
TL	0.555	0.114	4.849	0.0000
Intercept	0.979	0.270	3.614	0.0006

First of all IV that is transformational leadership has a t-statistics of 4.849 that is highly significant. P-value for IV is also 0.0000 that confirms that IV has strong positive impact on DV. 1% increase in IV will leads to increase the DV by 55% and vise vers. Transformational leadership and knowledge management both are constructed theoretically and both are in a strong relationship.

Intercept includes all other variables like Charisma, individual consideration, inspiration, which are not included in regression analysis. It is also highly significant to the DV as the t-value is statistically significant for intercept. 1% increase in all these variables will increase the DV by 97% and vice versa.

6.0 Goodness of Model

Goodness of the model can be observed from the following regression statistics.

F-statistics	23.5189
Prob. F-Statistics	0.000007
R.Square	0.7142
S.E of Regression	0.3852

Value of F-statistics is 23.5189 indicating that overall model is significant because the probability of F-statistics is very low.

R-square value showing the goodness of fit that how much our model is good fitted. R-square value 0.7142 showing that there is 71% impact of IV on DV.

Errors in the model can be observed from the value S.E of regression that is very low and equals to 0.3852. it confirms that there is very low errors in this regression analysis.

7.0 Correlation

	DV	IV
DV	1	0.7041
IV	0.7041	1

Correlation value between DV and IV is 0.7041 that is very high it means 70% variations in DV are due to IV that is taken in regression analysis.

8.0 Results, Discussions and Recommendations

The primary purpose to conduct this research study is to compile a preliminary attempt at gaining an understanding of impact and importance of Transformational leadership on knowledge management. Overall, the results of the survey conducted among 71 potential individuals reveal that a large majority of individuals' perceptions towards impact of Transformational Leadership states transformational leadership and knowledge management are in a strong relationship. Regression analysis provides evidence of link between TL and KM. R-Squared value give suggestion that there is a variance in transformational leadership can be intended for by knowledge Management Skills (0.714). There are four observations that Transformational leaders make efforts for creating, capturing, disseminating, and use knowledge for organizational excellence. Directive styles of leadership have negative impact so there is a need of transformational leadership. Transformational leaders are more successful across variety of organization construct. The person centered nature of transformational leadership makes difference, most probably due to reliable and moral nature of the influence relationship. More transformational leaders are in better position to handle the technical aspects as compared to other form of leaders like transactional, laissez- fair leadership. As leaders move up in hierarchy in organization they are in better position to manage knowledge because their style of leadership is transformational. There is a need to focus on transformational leadership for future needs and in variety of contexts but this study shows the relationship between knowledge management and transformational leadership.

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10.0 Appendix:

Dependent Variable: KM

Method: Least Squares

Date: 12/25/13 Time: 16:28

Sample: 1 71

Included observations: 71

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.979412	0.270965	3.614530	0.0006
TL	0.555660	0.114578	4.849629	0.0000
R-squared	0.714206	Mean dependent var		2.274648
Adjusted R-squared	0.653398	S.D. dependent var		0.442951
S.E. of regression	0.385291	Akaike info criterion		0.958130
Sum squared resid	10.24300	Schwarz criterion		1.021867
Log likelihood	-32.01361	F-statistic		23.51890
Durbin-Watson stat	1.874200	Prob(F-statistic)		0.000007

Correlation:

	KM	TL
KM	1.000000	0.704189
TL	0.704189	1.000000

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