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**THE INFLUENCE OF KNOWLEDGE
MANAGEMENT ON INNOVATION AND FIRM
PERFORMANCE: A STUDY IN NIGERIA.**

Cynthia Idadenehi OTEN-OBASUYI

Master's Thesis

Supervisor

Asst. Prof. Dr. Tina Ismat Idris SHABSOUGH

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I hereby declare that all information and data presented in this graduation project has been obtained in full accordance with academic rules and ethical conduct. I also declare all unoriginal materials and conclusions have been cited in the text and all references mentioned in the Reference List have been cited in the text, and vice versa as required by the above-mentioned rules and conduct.

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ABSTRACT

THE INFLUENCE OF KNOWLEDGE MANAGEMENT ON INNOVATION AND FIRM PERFORMANCE: A STUDY IN NIGERIA

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These days, current firms have understood and valued the vital financial and ecological advantages related with the advanced economy. KM enables firms to examine a huge sum of information to yield significant information to adjust expected risks and clip eco-friendly business open doors. More so, innovation portrays both the result and process through which a firm creates and brings to the market a new or essentially further developed item, administration or interaction. Firm performance has been analyzed in the three following classes in knowledge management literature: financial performance (FP), nonfinancial performance (NFP) and generally firm performance (GFP). Therefore, the aim of the study is to examine the influence of knowledge management on innovation and firm performance. The study employs a quantitative research method. A theoretical model for the study was developed. The results of this study demonstrates that knowledge management enhances a firm's performance. But the reverse is the case in innovation according to this study.

Keywords: Firm Performance (FP), Innovation (INV), Knowledge Management (KM, Nigeria, Nonfinancial Performance (NFP).

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ABBREVIATIONS

ATS	:	Associate of Technical Studies
BSC	:	Bachelor of Science
FP	:	Firm Performance
HND	:	Higher National Diploma
INV	:	Innovation
KM	:	Knowledge Management
OND	:	Ordinary National Diploma

1. INTRODUCTION

These days, current firms have witnessed the vital financial and ecological advantages related to the advanced economy (Gil-Gomez et al., 2020: 2742). These are supports to local economy, increased quality of life, better infrastructure among others. A basic mainstay of this new period of transformation in light of innovation is knowledge management. There is a known proverb that states knowledge equates to power. In light of this statement, it can be argued that the ability to effectively manage knowledge is the source of power. New existing firms in the time of digital economic change are taking part in digitalizing their organizations in the process of utilizing innovation in decision making. Discussions have been centered on knowledge management as a discipline over the past few years. The concept of knowledge management is a cornerstone of industrialized economies whose foundations have shifted from resource-based to knowledge-driven.

The application of innovation needs specialized services and expertise to create, store, and share important knowledge to more readily foresee risks and potential opportunities, alongside embracing eco-friendly environmental changes. Meanwhile, knowledge management assists firms with decreasing time by forming exact independent sales, tracking client needs and grasp their way of behaving, breaking down complex information, anticipating market requests and changes, and responding to competitors' activities and elective items (O'Dell & Hubert, 2011).

In this context, knowledge management is useful for firms to change their customary everyday business activities and the innovation utilized for gathering enormous scope information effectively and efficiently. In this unique circumstance, knowledge management enables firms to examine a huge sum of data to yield significant information to assimilate expected risks and identify eco-accommodating business opportunities. Knowledge management is a capacity of work that involves the collection of information to channel and create helpful data and information that need to be classified and interpreted to improve the firm performance (Chen et al., 2012). The collection and analysis of information assists with creating experiences connected with knowledge intensive organizations.

Subsequently, knowledge management has gradually become a boost for firm achievements. Schuefele et al.,(2014) contended that knowledge management separates both high

performing and low performing organizations, as it procures a drawn-out essential vision as well as outcomes in elevating organizational objectives. The last decades have also witnessed debate on knowledge management as a discipline.

Innovation is an eminent peculiarity in a perplexing framework and results from non-linear and iterative process, which require reliable transformation and versatile administration. Innovation rises up out of complicated sets of connections among various actors by cooperatively recognizing, investigating issues and exploring, planning, testing, and carrying out systems to further develop results and encourage specialized, social and institutional change (Schut et al.,2016). Klerkx et al.,(2012) reason that an effective method for performing innovation expediting is through knowledge management producing linkages and working with utilitarian development pathways, and dissolving obstructions between examination, strategy, and practice in manners that consider and empower criticism process. Innovation portrays both the result and process through which a firm creates and brings to the market a new or essentially further developed item, administration or interaction (Yu et al., 2017). The Henderson and Clark model of innovation categorization offers a system that makes sense of the two elements of information expected to achieve such innovation: knowledge on how parts connect with every one of the center plan thoughts and how they are executed in the specific part; and on the linkages between the designs of the parts and how every one of the parts of an interaction or administration are associated lucidly (Han, 2017).

Cardinal et al., 2001, established that organizational innovation can be enhanced through the capability for knowledge generation. (Ju et al.,2006) also argued that there is a direct effect of Knowledge Management processes on organizational innovation. According to (Jiang X. and Li ,2009), knowledge sharing and knowledge creation are essential for enhancing innovation performance. The critical success factors of knowledge creation by Merx and Nijhof (2005) include the organizational climate, organizational structure, strategy, system and procedures, leadership and personal characteristics. They further contended that these considerations constitute a significant input for an innovations process in the organization. Lin et al (2010) examined the link between the knowledge sharing critical success factors and innovation. Choi and Lee (2003) argue that knowledge management processes may be an effective means of improving overall organizational performance. Likewise, Haas and Hasen (2005) noted that knowledge utilization forms a crucial aspect of

the knowledge management processes. First, it can enhance organizational performance. This means that knowledge management processes such as knowledge acquisition, knowledge conversion, knowledge sharing and knowledge applications have a positive impact on the organizational performance measured in financial, market and partnership dimensions (Liao and Wu, 2009). Finally, the findings revealed that organizational performance benefits from knowledge management processes.

Similarly, firm performance is estimated by new service improvement, administration conveyance, worker efficiency and sustainability of firm tasks, while, innovation is centered around interaction and result (U.S. Energy Data Organization, 2020). To assess firm performance, the study followed Liu et al., (2021), who distinguished that firm performance has by and large been analyzed in the three following classes in knowledge management literature: financial performance (FP), nonfinancial performance (NFP) and generally firm performance (GFP). Overall firm performance includes monetary and nonmonetary pointers to quantify firm's integrative activity and improvement status.

There are a few studies that were conducted on the influence of knowledge management on innovation and firm performance. Literatures has recommended that organizations are attempting to secure enough assets and capacities to produce and profit from knowledge management. Therefore, this study is expected to expand the accompanying significant past studies that analyzed interrelationships between knowledge management, innovation, and firm performance. These benefits that may be yielded by utilizing knowledge management capacities can happen on the side of knowledge management (KM) processes. Without a doubt, knowledge management empowers top administration dynamic in light of innovation and firm performance (Ferraris *et al.*, 2019). Therefore, this present study is aimed at examining the influence of knowledge management (KM) on Innovation (INV) and Firm Performance (FP) using Nigeria as a case study.

2. LITERATURE REVIEW

There's a growing consensus among policymakers and analysts that an efficient knowledge-based economy is increasingly necessary for the "developed" Western economies' future strength. The primary effect of the information communication technology (ICT) revolution, which occurred in the 1970s and 1980s, was to encourage capital venturing. During the second phase of ICT advancement, with its multiplication into under-developed countries, business visionaries were under strain to move their industries to cheaper districts, as well as altering concentration towards further information hinged exercises (Audretsch and Thurik, 2004). Knowledge management is becoming increasingly important to the competitive performance of small, medium size and large businesses as a result of these related happenings, namely the universalization of rivalry and the multiplication of unequivocal information through ICT developments.

2.1 KNOWLEDGE MANAGEMENT

2.1.1 Knowledge

Knowledge is defined as "information that's relevant, actionable, and based at least on experience" (Leonard and Sensiper, 1998). Mastery and scrutiny are typically the means by which knowledge is acquired (Leonard and Sensiper, 1998). According to Davenport and Prusak (1998), knowledge is "a combination of contextual information, expert insight, framed expertise, and a structure for assessing and including new information and experiences". According to Nonaka and Takeuchi (1995), knowledge is a meaningful, action-oriented commitment that goes beyond the conventional "justified true belief." The first step in understanding knowledge management is exploring knowledge itself. Accordingly, it is of importance to understand knowledge's nature and the circumstances in which it is portrayed in order to comprehend how it will be used in achieving knowledge management goals. Knowledge is therefore an intangible asset, and its acquisition is a complex process of perception, learning, communication, association and reasoning (Epetimehin and Ekundayo, 2011).

Knowledge is information applied in experience, along with understanding, meaning, reflection and interpretation that provide a new dimension of understanding (Davenport et al., 1998). According to Allee (1997), knowledge acquires significance when it is viewed

within the wider context of ‘culture’ which develops around ‘beliefs and ‘philosophy’. In this context, Sveiby (1997) defines knowledge as acting upon information to give it value hence knowledge is said to be useless unless put to use. Organizational routines, processes, practices, norms and cultures are the avenues through which knowledge is stored within organizations.

Knowledge transfer in an organization is emphasized in the corporate governance of knowledge management to enhance innovation (Gamble and Blackwell, 2001). Knowledge management is incomplete without its integral component knowledge. (Baloh et al., 2011). Basically, knowledge is information that can be stored and kept as a body. This might imply that the information could be structured as theories, processes, systems, or voiced as opinions, theories, ideas and analysis. Philosophers, other discipline researchers as well as the practitioners find out that “knowledge” is a difficult concept. One definition of knowledge is “processed information relevant for individual, team or organizational performance” (Wang and Noe, 2010). Davenport and Prusak (1998) describe knowledge as follows;

“A fluid mixture of framed experiences, values, situated knowledge, and expert reasoning, for evaluating and assimilating new experiences and information, situated in the minds of knowers”.

Human being’s creative and unique thinking powers complemented with their experiences and talents, make them valuable sources of knowledge. Fundamentally, knowledge management starts with, and ends up, with people. Therefore, it is important to include human element into knowledge management strategy and implementation. Emergent knowledge needs are part of people’s daily assignment or routine. These needs are sought to be satisfied through tools, processes, systems, and protocols for seeking, integrating, and applying relevant knowledge. In this regard, an organization should have a knowledge management program which makes people important in the process.

Baloh *et al.*, (2011) describe processes, a knowledge management component, as mechanical and logical artifacts that guide how working is done in the organization. Organizations need processes that govern work and so it is important for the functioning of the organization. Therefore, it is necessary for a knowledge management strategic program to acknowledge their significance. Such processes can consist of, as well as be performed by,

human beings, machines or the combination of both. It is important that knowledge management should be able to comprehend workflow procedures and how to depict them. That way, an individual is able to explain the inputs, outputs, staff, resources, and work in a given process. Process mapping allows a pictorial representation of the actual state of affairs in the organization as well as how the activities are conducted. This enables articulation of knowledge needed to carry out tasks and provision of requisite technological or human intervention to achieve effectiveness and efficiency in the organization.

Technology is the last element of knowledge management. A knowledge management plan needs a critical enablement factor, which is technology. ICTs have opened up new avenues for achieving knowledge management through technological solutions. ICTs allow for collaborative work among teams that are spread out across different locations. Knowledge management processes are also enabled by ICTs that help to codify knowledge and rich and interactive communication modes on the Internet. However, there are significant advantages of using technology in knowledge management and it must be said; “technology is not a solution”. A good knowledge management strategy has to consider, apart from putting in place an ICT-based knowledge management system, socio-cultural factors that deter people’s willingness to share information such as conflicts, trust, time, and concerns about loss of power, among others.

According to Chiu and Fogel (2014), managerial and organizational activities can emphatically benefit the execution of a novel information driven framework, and the outcomes may result in some consequences as well as fulfillment of the corporates needs. Organizations always gain from knowledge management (KM) strategies for growth and increased profitability (Atapattu and Jayakody, 2014), as knowledge application leads to innovation (Kline, 2023) and performance enhancement (Atapattu & Jayakody, 2014). As a result, customer value creation could be enhanced by simultaneously increasing admittance to novel and fresh encounters and capacities, creativity level, and gamesmanship in accordance to Bisbe and Malagueño (2012). Though, if it is not used effectively, information is useless. knowledge management has been portrayed as a popular challenge for today's organizations, as Brozović, and Tregua, (2022) described it as "the most important ingredient in recipes for organizational success," and "strategic for modern business life". Therefore, distributing knowledge and information, as well as utilizing co-created data, are all

connected to the advancement of new technologies and the possibility of long-term growth (Mohamad et al., 2020).

Knowledge management (KM), is a relatively new term that includes the process of using data, and transferring and sharing information internally within the firm or externally between various firms (Choo & Bontis, 2002). Polanyi (1966) classified knowledge to two types, tacit and explicit knowledge.

Tacit Knowledge is a type of knowledge that is very private and difficult to validate, making it intense to discuss and also share with others. This category of knowledge includes subjective insights, hunches, and intuitions. It has a profound impact not only on an individual's capability and acts but also on the ideals, worth, or feelings that they hold dear. It is difficult to decide and exchange due to its individual character (Von Krogh et al., 2000). Tacit knowledge has two components, cognitive and technical components. While the cognitive dimension is comprised of deeply ingrained credence, schemes, values, layout, and mindset that individuals frequently take for granted, the technical component is a type of inner skills that typically address know-how. Despite its difficulty in articulation, this intellectual characteristic of experiential knowledge influences individual's tendency to comprehend the world (Insch et al., 2008).

The second type of knowledge is the explicit knowledge, which is written information conveyed using formal and systematic language. It is digital or discrete and can be caught in chronicles and data sets and is surveyed on a successive note. It can be shared in the form of information, formula, emphasis, e-books, and other similar documents in both words and figure. This type is easily, quickly and consistently shared between people (Smith, 2010).

Words like explicit and tacit can be misleading as they make one believe that their nature of existence is unique. Nonaka and Takeuchi (1995) say that explicit knowledge is rooted into tacit knowledge and emerges as a result of externalization or visualization, articulation and/or codification of tacit knowledge. Tacit knowledge encompasses all the knowledge related to human life while explicit knowledge comprises that part of tacit knowledge that can be verbally expressed and does not represent the whole of tacit knowledge. Tacit knowledge can exist independently but explicit knowledge needs to be understood and applied tacitly, so all knowledge is either tacit or arose from tacit knowledge.

According to Koenig (2012), this characterization of knowledge into explicit and tacit is too simplistic. He argues that knowledge is more explicit, implicit, and tacit. Explicit refers to information or knowledge which is set out in such tangible way. Implicit is knowledge or information that is not clearly articulated but can be expressed; while tacit is knowledge or information so complex that operational articulation in tangible form would be extremely difficult. Contrary to this, Choo (2002) characterizes organizational knowledge in terms of tacit, explicit and cultural. The most apparent one is ensuring that the data and information of the organization are made available to its members.

2.1.1.1 Forms of knowledge

There are different forms of knowledge according to Nonaka et al., (2000) namely; knowledge assets, knowledge economy, and system thinking.

In reference to Nonaka et al., (2000:24) "resources that are unique to the company, like knowledge documents, lessons learned, and data, as well as people's expertise and skills" are referred to as knowledge assets. As a result, knowledge assets grow because these resources are put to good use (Kabilwa and Maasdorp, 2017).

Knowledge economy refers to the process by which societies as well as economies are gradually shifting away from being primarily dependent on products manufacturing through using labor to that where more information and ideas are created. As a result, both society and economy are shifting from a "physical-based" to a "knowledge-based" labor force (Pullen, 2009).

Finally, system thinking is a sphere of study that focuses on separating a whole into its components so as to comprehend the entire as well as the structure of relationships that exist between them (Jackson, 2010). In addition, it examines the system's dynamic behavior and the environment in which its components interact. The learning organization is based on system thinking, which is derived from systems theory (Senge, 2001).

2.1.2 Knowledge Management

As businesses become more competitive in the fast-paced contemporary world, managing knowledge is an important strategic requirement that firms must pay attention to.

Organizational capabilities to innovate and compete depend on this valuable resource: knowledge. That exists inside each of the individual employees, and in a collective sense within the organization as well (Bollinger and Smith, 2001;10). This includes both explicit knowledge that is found in document and database bases and implicit, unspoken knowledge within employee's experiences and skills. Knowledge management becomes very essential in the Nigerian business situation which is characterized by dynamism and diversity, for it makes some of sustainability advantage possible. One ought to understand how organizations manage knowledge in Nigeria in order to improve operations, enhance innovation and eventually create success in an organization.

Knowledge management is a vital component in any prosperous organization. The management of knowledge and its usage are the premise of the economy and from the macroeconomic level, they are moved to the state of working of individual economic matters. The basis of knowledge in any organization contends that knowledge is the most important asset (Grant, 1996).

Knowledge management (KM) offers methods that are both adaptable and dependable (Sofiyabadi and Valmohammadi, 2020), as well as the secret to survive and the skills that are necessary for businesses to deal constantly with variations in the business atmosphere (Ahmad *et al.*, 2017). Additionally, it improves an organization's ability and strength to repossess and advocate or nurture firms' assets, innovation and firm performance through rational capabilities and individual experience.

The powerful utilization of knowledge management in an organization is not exclusively an essential construction device, but a fundamental technique for organizations (Alavi and Leidner, 2001). Essentially, Ducker (1995) presents that knowledge management could be a significant design asset and furthermore the preponderating inventory of close advantage. Different researchers have asserted that organizations will improve their events and formation of ongoing and imaginative thoughts through the perfect service of knowledge, and by successfully dealing with the scholarly capital accessibility, securing information, imparting it to other people and executing that knowledge in the firm continuously (Huang and Li, 2005)

According to Pena (2002), knowledge management is a practical function that pick-points the crucial info and then refines that info into the essential information that serves as the

foundation for making and carrying out a decision. Knowledge management has conjointly been same to contain organizational techniques and activities to "distinguish, attract, offer and influence the information expected to get by and to contend effectively". Essentially, Frost (2014) believes that knowledge management is fundamentally the ID of the legitimate staff at a reasonable time. Although proper knowledge management in an organization may not be difficult, it may become a daunting task that consumes the entire organization without the appropriate policies and strategies. Gold et al., (2001:203) characterizes knowledge management as "an organized coordination for overseeing information productively and successfully ". Knowledge management is concerned with tackling out their information by empowering creative thoughts that outcome in upgrading organizational performance. "Knowledge system, organizational memory, knowledge sharing, a learning culture, and knowledge benchmarking" were the components that Wang and Ahmad (2004) conceptualized as part of their study on the creation of a measure for knowledge management. It was categorized as "assimilation and transformation of data, skill acquisition, exploit knowledge and skill to use" by some academics in Zahra and George (2002;148).

The ability of firms to manage their stock of information and achieve greater success in the face of workplace obstacles is the primary benefit of implementing knowledge management (KM). According to Valmohammadi (2017) management decisions, process implementation, service enhancement, transformation and adaptation of organizations, and KM also play important roles in the performance of organizations. An integrated approach to the identification, acquisition, retrieval, sharing, and evaluation of all company's data assets is advocated by knowledge management. Shi and Liao (2013) identified databases, documentation, policies, procedures, and implicit and explicit knowledge as examples of these information assets. Furthermore, process and service improvement, a coordinated strategy for locating, acquiring, retrieving, and sharing information, as well as managerial decision-making and evaluating all activities are all supported by knowledge management (Huizingh, 2011). Organizations will not be able to pursue the most ideal alternatives with flawless timing if they do not possess the most recent knowledge and information that keeps up with global advancements.

Knowledge is both an unrestricted asset and resource (Ritala *et al.*, 2015) that can expand as it is utilized. Information will continue to be an important tool for businesses to demonstrate

their seriousness both now and in the future (Lawson *et al.*, 2012). However, researchers and practitioners alike find KM implementation to be a major draw in their service delivery (Sigala and Chalkiti, 2015). When businesses attempt to begin implementing knowledge management, one of their primary concerns is how to do so. Many businesses that attempt to implement knowledge management (KM) do not know which strategy to use (Valmohammadi, 2015). An effective knowledge management program improves correspondence all through the organization since workers can acquire a viewpoint in different groups through the documentation they make.

The subject matter knowledge management research is extremely broad. Kamal (2011), investigates knowledge management with regards to IT by bringing up the fact that the local authorities have frequently deficiently coordinated IT frameworks, bringing about wasteful knowledge sharing and lower value of service delivery. Peráček *et al.*, (2017) in their study indicated that a significant process of establishing a knowledge climate and the capacity to involve ICT as a medium of transferring data and information as e-government is likewise the quality and incredible skill of local authority staff which can be quantified by variety of tools, for instance, educational fulfillment.

Meanwhile, as per the prevalent type of knowledge, the codification and personalization methodology are separated, either in the alleged hard factors or direction towards soft elements (Barták, 2008). Maybury and Thuraisingam (2002) present two kinds of procedures, the principal focusing on existing and accessible knowledge as best practice and the second on innovation. As per Liao *et al.*, (2003) organizations ought to be proactive in consolidating existing and new information. Knowledge management (KM) offers methods that are both adaptable and dependable (Sofiyabadi and Valmohammadi, 2020), as well as the secret to survive and the skills that are necessary for businesses to deal constantly with variations in the business atmosphere (Ahmad *et al.*, 2017). Additionally, it improves an organization's ability as well as its strength to repossess and advocate or nurture firms' assets, innovation and firm performance through rational capabilities and individual experience. Knowledge transfer in an organization is emphasized on the corporate governance of knowledge management to enhance innovation (Gamble and Blackwell, 2001).

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Knowledge management is a recent phenomenon that went hand-in-hand with the rise of the global knowledge-based economy which has seen companies focus their attention on knowledge as a new factor of production. With the move from the industrial economy that was product-based to the knowledge economy in which services and expertise dominate, the nature of work has changed enormously. There are various scholars like Jasimuddin (2008), Davenport and Prusask (1998), who claim that the effective control of knowledge is one of those ingredients vital for enterprises seeking to achieve lasting competitive advantages. Many authors have recommended that some crucial elements must be incorporated for a

knowledge management strategy to succeed in the organizations. Firstly, a knowledge management strategy should be related to the reason why the organization is trying to accomplish such goals. The purpose of the knowledge management strategy; the advantage the organization expect to get from working with knowledge management, and how it will influence the employee's work should be clearly articulated (Merlyn and Välikangas, 1998).

It has further been suggested that top management support is also important. To start with, the personnel function should direct its attention towards top management in a bid to motivate processes that will create opportunities for cross-boundary learning and sharing. Mayo (1998) says this involves helping to set, probably, funds knowledge networks, skills of learning from other people. The most successful organizations in knowledge management are those that have appointed a senior-level executive to act as full-time chief knowledge officer (Gopal and Gagnon, 1995). As per Riege (2007), for knowledge management to be effective, middle and senior managers who understand and support the need to align and strategically link the business and knowledge management strategy as well as the human, organizational, and technological challenges should implement it.

Another approach towards imbedding strong knowledge management initiatives is ensuring that different knowledge management methods are in line with corporate culture. Many knowledge management articles on organizational culture suggest this influence is substantial (Lee and Chen 2005; Chang and Lee, 2007; Liao, Chang, Hu and Yueh, 2012; Rai, 2010. Hislop (2013) describe organizational cultures as common beliefs and behaviors existing in the group of individuals related to the organization where these members agree on what is right or wrong within the institution. While Huczynski and Buchanan (2001). suggests that it may be effective for knowledge management approaches to align themselves to organizational cultures as a strategy. On the contrast, literature supports the theory of creating and managing organizational culture in order to foster knowledge management activity (De Long and Fahey, 2000). This occurs because organizational culture can be altered to yield required knowledge-related behaviors and preferences. Knowledge modifies organizational cultures; they create environments supporting the right knowledge attitude and behavior required for knowledge management success. Knowledge management managers need to remember that there is a mutual relationship between organizational culture and knowledge management activities.

2.2 INNOVATION

Innovation refers to new values and practices that are not widely known, accepted, or used by the majority of the community members in a particular area. These new practices can be used to encourage changes in all aspects of people's lives for the sake of improving the quality of each individual and all members of the community (Sukmadi, 2016). According to Ahmed and Shepherd (2010), innovation encompasses not only the produced goods and objects, but also the attitudes, behaviors, and movements toward the process of change in all aspects of community life. Mai et al., (2022:1405) define Innovation as "the purposeful introduction and application within a job, gathering or association of thoughts, process, items or methodology, new to the important unit of reception, intended to help the individual or organization or more extensive society". Innovation can also be defined as an endeavor consolidating new practices, administrations, or items that impact positive business changes (Wang et al., 2022). Thus, organizational innovation is fundamental for a venture to get by in the present dubious climate (Prasertwong and Wongsansukcharoen, 2022). Innovation includes "planned, novel, nontrivial changes to the vital components of a company's plan of action or potentially the design connecting these components" (Foss and Saebi, 2017:215). Innovation is an integrative advancement which joins creativity, products and services developments by means of a comprehensive point of view (Massa et al., 2017). According to Drucker (1999), innovation should lead to discovery of new knowledge that is capable of helping the workers to seek, experiment with, learn, and also teach other people.

And so, organizational innovation is connected with the plan of new organizational configurations and new administration methods of reasoning. It is connected with the technological activities of corporate organizations (Sukmadi, 2016). The most common advantages of innovation are the provision of knowledge, the development of a brand, the construction of a novel container in the form of a new community, and the nurturing of novel culture (Sukmadi, 2016). The main purpose organizations employ innovation is that it creates a gain for the organization. Effective innovation happens when products or services are acknowledged and produce benefits for the organization. Innovation become visible when a progression of selections of current items is then integrated or disintegrated to make new things (Ibrahim; 2009). Innovation does not just forward a great deal of advantages, such as developing performance, reinforcing market position, creating new development to companies (Wei et al., 2017), but it is also an extraordinary chance to impact the manner in

which individuals stay and hustle (Demil and Lecocq, 2010), as-well-as reshape the firm (Pati et al., 2018).

According to De Silva et al., (2021), innovation acquired broad consideration after the 1990s. As per (McDonald et al., 2021), first researchers characterized innovation as a design in making sense of the way organization leads affairs within an industry. It's made out of correlative components, principally has item gift, clients, conveyance path, client connections, organization, as-well-as resources, among others (Osterwalder and Pigneur, 2010). More so, increasing cost highlight the way value changed over time as well as benefits in a reasonable manner, mirroring organizational performance (Teece, 2010). More so, De Silva et al., (2021) reported that innovation occurs within an organization as business work is changing through difficult conditions, it is needful to adjust and restore the organization plans of action which turns out to be progressively noticeable, in this manner bringing forth innovation. Two perspectives on directing innovation actions exist. The evolution perspective assumes that innovation is the after effect of steady tweak changes of the action plan, planning to arrive at a unique harmony between firm resources and capacities (Mootee, 2013).

The second extreme perspective which is against the norm, claims that innovation is accomplished through unexpected variations in at least one plan of action components, which improves economic situations, challenges industry guidelines or changes the competitive process (Ciamp et al., 2021). Moreover, executing innovation will generally lead to two inspirations. The first is to fulfill the beforehand neglected necessities of actual clients by creating value, while the second is to satisfy the needs of another client on the basis of means of value creation (Haaker et al., 2021).

Attributable to the intricacy and variety of innovation, numerous researchers have grouped it in different viewpoints. In light of the market-planned hypothesis, Cui and Jiang (2013) partitioned innovation into market-driving. Taking into account the view of dangers and valuable opportunities, Osiyevskyy and Dewald (2015) ordered innovation into explorative shift. With regards to the level of degree and curiosity, Foss and Saebi (2017) categorized innovation into four types, transformative innovation, versatile innovation, centered innovation and complex innovation. The most acknowledged arrangement is brought forward by Amit and Zott (2008), who recommended that organizational innovation is

comprised of process focused and proficiency focused. Process focused innovation is defined as planning more productive ways of executing with shareholders to create value (Zott and Amit, 2008). Paradoxically, proficiency focused innovation means planning better approaches to execute with shareholders to create values (Zott and Amit, 2007).

Innovation is described as a firm that embraces the process and strategies to diminish the adverse consequences of their procedure on various aspects through their operations in the production system to control perilous waste and maximum utilization resources and give a perfect workplace. Innovation refers to new management-based green practices implemented by businesses to restructure management procedures and reconfigure business processes in order to enhance product functionality in accordance with clients going green. These upgrades result in both economic like and natural advantages (Li et al., 2016). Innovation offers firms the ability to maintain upper hands like client faithfulness, reliance and productivity.

Knowledge management is the focus of Innovation. It upholds firms in procuring and breaking down enormous scope information to further develop their operations (Osuszek et al., 2016). Breznik's (2018) conclusion was that when businesses tried to shift their management practices toward eco-friendly ones, there was a connection between KM and innovation activities.

Based on this, following hypothesis was developed.

H₁: There is a positive relationship between knowledge management and innovation.

However, knowledge is an incomparable organizational resource that is vital to upper hand and unrivaled firm performance (Lee, 2016). Knowledge gives the premise to the management of knowledge and innovation expected for pursuing choices in an organization (Hilbert and López, 2011). Organizational achievement is accordingly generally determined by a capacity to oversee data in manners that work with innovation (Laith and Shahizan, 2012). While there is significant unanimity about a general positive association among knowledge management and firm performance in the literature (Taherparvar et al., 2014), studies trail the three-sided connection between knowledge management, innovation and firm performance, as the experimental literature which hurls different discoveries regarding the matter (Tribute and Ayavoo, 2020).

2.3 FIRM PERFORMANCE

Firm performance refers to organization's degree of accomplishment within a specific timeframe. A company's development is significantly influenced by its performance. A few examinations have explored the connection between quality practices and development performance (Prajogo and Sohal, 2004). Firm performance (FP) or performance is the result of an effort that is made towards achieving a task by a person or group in a company in accordance with the organizational culture. It involves the legal, moral, and ethical approach to achieve the organizational goals. According to Aisidiktya (2018), Firm performance is an evaluation done periodically based on predetermined goals, standards, and criteria of company effectiveness. According to Duke et al., (2023) firm performance can also be defined as an estimation done by new service advancement, delivery of service, worker efficiency and sustainability of firm activities.

Researchers has broadly suggested that knowledge management is a critical component of firm performance (Gerdoçi *et al.*, 2018). Knowledge management generates an incentive for organizations to upgrade institution effectiveness. According to Zott and Amit (2007), knowledge management represents the steps businesses take through their business models to make transactions more efficient. But every organization find it paramount for their internal transaction costs to be reduced in order to achieve increased efficiency which is also according to the transaction cost theory (Dyer, 1997). So, the management of knowledge as a component of firm performance could be a threat to this cost efficiency if not properly managed (Zott and Amit, 2008).

Knowledge management also aids businesses increase their bargaining power by bringing them closer to their partners, suppliers, and customers while lowering the cost of switching these stakeholders (Ritson, 2011). It presents numerous opportunities for company performance enhancement. Knowledge management underscores the better approaches for leading monetary trades among different members through associating beforehand detached parties, connecting exchange members in novel and distinct manners or planning fresh/novel exchange systems (Zott and Amit, 2008). Moreover, knowledge management assists companies with breaking hindrances regarding customary worth sequences, advance exchange designs in available selling platforms and make another selling space portion (Chen et al., 2022). According to Zott and Amit (2007), businesses with the

practice of knowledge management also increase switching costs, resulting in customer and supplier loyalty. It empowers firms to fabricate exceptional serious benefits with novel information and supreme assets (Brettel et al., 2012).

Firestone (2001) proposes an instinctive way to deal with the clarification of the connection between knowledge management, corporate goals and advantages. He recommends a theoretical model known as: benefit global estimate. To gauge the advantage of a knowledge management program, a reasonable point of view is expected, as well as the utilization of devices and strategies, instead of the impromptu utilization of logical methodologies. To relate knowledge management projects and firm performance, the past investigation of corporate goals and business processes is required. In this sense, knowledge management is a business process that can assist firms with arriving at their objectives. Firestone (2001) also contends that a knowledge management program is comprised of undertakings. These assignments affect business processes and are intensified by various traits which decide their current state. The contrast between the current state and the goal state helps the comprehension of what the performance of a knowledge management program means for firm performance.

Davenport (1999) relates knowledge management exercises for certain transitional exercises that influence monetary outcomes. Progress in knowledge management exercises influences transitional factors, for example, project performance estimations, signs of the limit of workers to complete assignments connected with knowledge, lastly, the generation of thoughts as well as innovations.

The derivation of novel thoughts and developments in the firm, because of a superior utilization of information, could affect the improvement of process. Similarly, an improvement in processes idealizes employees' abilities. This led to the development of hypothesis two:

H₂: There is a positive relationship between knowledge management and firm performance.

3. METHODOLOGY

There is a need for knowledge management to be understood by everyone in a company as a strategic asset that positions the firm for strategic benefits and techniques by facilitating innovation and performance. A business must come up with a knowledge perspective, make it reachable, and utilize it to narrate its knowledge-based competitive position in a particular industry.

Knowledge management (KM) aim to connect with and modify individuals' skills in a knowledge-based economy. Carrying out essential management processes in organizational works with the recognizable proof and backing of growing experiences, the foundation of organizations, and the execution of linkages. In this context, this research explores whether the act of knowledge management can increase development in the organization. In their study Prajogo and Sohal (2001); they found out that knowledge management actually foster a positive influence on innovation which means that for every increase in knowledge management, there is an increase in innovation. Both knowledge management and firm performance are carried out by the organization to accomplish an upper hand in the market. According to Vanichinchai and Igel (2009), knowledge management and innovation share some similarities. A few specialists frequently contend whether knowledge management helps or obstructs FP (Prajogo and Sohal, 2004; Lee and Choi, 2003). It is also important to find out if the company's innovation performance has improved since implementing knowledge management (KM).

There are gaps in understanding how the principles of knowledge management operate in Nigeria due to its unique socio-economic and cultural context. In Nigerian firms, knowledge management practices have been absent. Moreover, there is a lack in explaining how knowledge management relates to innovation in Nigeria's business arena. Furthermore, the insufficient exploration of the contribution of knowledge management towards the overall performances of the Nigerian companies is also evident. Knowledge management may be effective, but it can also bring about challenges or create opportunities as a result of socio-economic and cultural factors that are peculiar to Nigeria. Nigerian businesses do not have a proper guide on how to execute efficient knowledge management strategies.

This research, therefore, aims at filling this knowledge gap by examining the relationship between knowledge management, innovation and firm performance in Nigerian business context. This study seeks to address these issues in order to offer practical insights that can influence either corporate strategies or policy choices as well as academic discussions for better business climate in Nigeria.

3.1 SIGNIFICANCE OF THE STUDY

This study adds insights to the existing literature of knowledge management by shedding light on the practices and challenges faced by organizations in Nigeria. It contributes to an understanding of knowledge management in cultural and economic contexts. The findings will provide insights into how knowledge management influences innovation processes within firms. This information is highly valuable for organizations aiming to enhance their innovation capabilities and adapt to changing market demands. Moreover, it can empower businesses to optimize their operations, improve decision making and foster a culture of learning.

Policymakers stand to gain from understanding how knowledge management contributes to success. The study can inform policies that create an environment to knowledge creation, sharing and application thereby contributing to economic development. Business leaders in Nigeria can leverage the research findings when making decisions. Insights into the relationship between knowledge management, innovation and firm performance can guide leaders in allocating resources. Aligning organizational strategies with the unique challenges and opportunities present, in the Nigerian market.

The study acts as a platform, for discussion establishing a basis for exploration into knowledge management and its effects on innovation and company performance. It adds to the community's comprehension of these ideas within the setting. The importance of this study lies in its ability to educate, direct and empower organizations, policymakers and scholars in Nigeria. By addressing the obstacles and prospects within the context this research contributes to enhancing knowledge management strategies and their beneficial influence, on innovation and company performance.

3.2 RESEARCH QUESTIONS, OBJECTIVES, HYPOTHESES AND MODEL

This study aims to demonstrate how Nigerian organizations differ from those in developed countries when it comes to knowledge management by examining how it has an effect on innovation (INV) and firm performance (FP) as the knowledge-based economy in Nigeria.

3.2.1 Research Questions and Objectives

This study will aim to answer two main questions.

- a. Does knowledge management influence innovation?
- b. Does knowledge management influence firm performance?

Based on these research questions, the following objectives were formulated.

- a. To examine the effect of KM on INV
- b. To investigate the effect of KM on FP

3.2.2 Research Hypotheses and Model

In an attempt to answer the research questions, the following two hypothesis were suggested.

H₁: There is a positive relationship of knowledge management and innovations.

H₂: There is a positive relationship of knowledge management on firm performance.

With regards to the aim of this research, the research framework consists of a single independent variable, which is knowledge management (KM), and two dependent variables which are innovation and firm performance. The model suggested for this study is shown below (Figure 3.1)

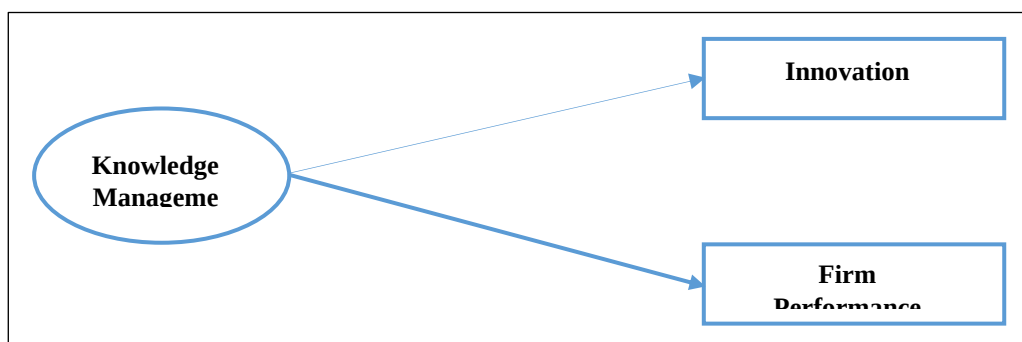


Figure 3.1: Research Model.

3.3 RESEARCH METHODOLOGY

3.3.1 Methodology

The present study employed a quantitative research method. It is an exploration interaction that includes the assortment and investigation of arithmetic data. It tends to be utilized in making predictions, checking for causal connections, tracking down examples and midpoints, and extrapolating findings to encompass a bigger population (Moss and Haertel, 2016). The goal of the investigation was to see how knowledge management (KM) affected innovation (INV) and firm performance (FP) at a reputable Nigerian company using service industry as a case study. The service industry in Nigeria and somewhere else is portrayed by low capital, many although tweaked sellers as well as imperfect rivalry emerging from defective knowledge with respect to the customers, particularly in proficient administrations such as hotels, accounting and law. Kotler and Armstrong (2004) characterized service as a movement or advantage that one party can propose to another that is basically elusive and does not bring about responsibility for an actual item or whose creation might possibly be attached to an actual item.

3.3.2 Research Sample

This study was conducted in several nigerian organization. The population of the study consisted of employees working in different service companies in Nigeria. For the study, a convenience sampling was used. Convenience sampling involves using respondents who are convenient to a researcher.

The size of the sample was defined by taking 10 participants per one questionnaire item (i.e 21 items) (Teimouri et. al., 2018) which resulted in a sample size of 210 employees. The researcher distributed the questionnaires to 210 employees in Nigerian service companies online. Out of the distributed questionnaires, only 116 questionnaires were returned forming a 55.2% return rate.

3.3.3 Research Instrument

As a quantitative study, this research used a questionnaire to quantify the variables. The questionnaire consists of 21 items to measure the studied variables, which are knowledge management, firm performance and innovation. The questionnaire is subdivided into two sections namely: Section A which discusses the demographic variables such as the age of

the participants, gender, marital status, working period and educational qualifications. The second section highlighted the 21 items measuring the variables. Respondents answered the questionnaire using a 5-likert scale ranging from strongly disagree (1) to strongly agree (5). The three variables were measured using an adopted set of questions as found in the following descriptions.

3.3.3.1 Knowledge management (km) scale

Knowledge management was measured using a scale adopted from Choi and Lee (2002, 2003). The scale comprises of eight (8) items, where respondents determine their degree of agreement based on a 5-Likert scale. The responses range from the lowest rate of (1) representing "Strongly disagree" to the highest rate of (5) representing "Strongly agree." Some of the examples of the items used in measuring knowledge management are "Knowledge is shared through classified structures like manuals or records in your organization", "Knowledge can be handily gained from specialists and collaborators in your organization", "Experts in your industry are readily available for face-to-face consultations", among others.

3.3.3.2 Innovation (inv) scale

Innovation, which is one of the dependent variables, was measured using a two (2) items scale adopted from Lee and Choi (2003). Respondents determined their degree of agreement using a 5- Likert scale. The responses similarly range from the lowest rate of (1) representing "Strongly disagree" to the highest rate of (5) representing "Strongly agree." Some of the examples of the items used in measuring innovation are "The number of new or improved products and services introduced to the market is higher than the industry average", and "The number of new or improved processes is higher than the industry average".

3.3.3.3 Firm performance (fp) scale

Firm performance, which is the second dependent variable in this study, comprises of ten (10) items adopted from Quinn and Rohrbaugh (1983), Hoque and James (2000), and Choi and Lee (2002, 2003). Respondents determined their degree of agreement using a 5- Likert scale. The responses also range from the lowest rate of (1) representing "Strongly disagree" to the highest rate of (5) representing "Strongly agree." One of the examples of the items used in measuring firm performance is "Firm performance is more profitable".

3.4 DATA ANALYSIS

The research was carried out by distributing questionnaire online to employees in service industries in Nigeria with a sample size of 210. The link to the questionnaire was created using google form and was shared through managers, friends and families.

The collected data were prepared for analysis by conducting validity and reliability tests. Subsequently, descriptive data analysis of the demographic variables, correlation analysis of the studied variables and the multiple regression analysis of the studied variables were conducted. The analysis was conducted using statistical package analysis for social sciences (SPSS).



4. ANALYSIS AND RESULTS

The ultimate purpose of this section is to provide a general analysis of the collected data by first describing the statistics of the demographic variables, followed by the validity and reliability test outcomes, and then the statistical results for the hypotheses testing. In this context, SPSS (26.0) version was utilized to analyze the collected data. Demographic information was investigated utilizing descriptive statistics. For the purpose of hypothesis testing, linear regression analysis was used.

4.1 DESCRIPTIVE STATISTICS

The study sample consisted of 116 respondents, among which 62 were male and 54 were female staff members from employees in service industry in Nigeria as shown in Table 4.1. This implies that most of the respondents are males forming 53.4% of the total sample.

Table 4.1: Descriptive Statistic of Gender.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	62	53.4	53.4	53.4
	FEMALE	54	46.6	46.6	100.0
	Total	116	100.0	100.0	

As shown in Table 4.2 respondents' marital status was also reviewed, based on the results, 39 respondents were single, 46 were married, and 31 were divorced. This implies that majority of the participants were married forming 39.7% of the whole sample.

Table 4.2: Descriptive Statistic of Marital Status.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SINGLE	39	33.6	33.6	33.6
	MARRIED	46	39.7	39.7	73.3
	DIVORCED	31	26.7	26.7	100.0
	Total	116	100.0	100.0	

The study also reviewed the age distribution of the staff. As Table 4.3 portrays the majority of the participants are between the age of 41 to 50 with an aggregate of 43.1%. Meanwhile, participants over 50 years portrayed the lowest rate with a percentage of 2.6%.

Table 4.3: Descriptive Statistic of Respondents' Age.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid BELOW 20 YEARS	9	7.8	7.8	7.8
21 - 30 YEARS	23	19.8	19.8	27.6
31 - 40 YEARS	31	26.7	26.7	54.3
41 - 50 YEARS	50	43.1	43.1	97.4
ABOVE 50 YEARS	3	2.6	2.6	100.0
Total	116	100.0	100.0	

Respondent's qualifications are displayed in Table 4.4. below, most participants (62 respondents) possess a professional certificate forming 53.4% of the total aggregate. Participants with post graduate education level represented the least number of participants (3 respondents) and a percentage of 2.6%.

Table 4.4: Descriptive Statistic of Respondent's Qualification.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid OND/ATS	18	15.5	15.5	15.5
BSC/HND	33	28.4	28.4	44.0
PROFESSIONAL CERTIFICATES	62	53.4	53.4	97.4
POST GRADUATES	3	2.6	2.6	100.0
Total	116	100.0	100.0	

Finally, the study also explored the work experience of the respondents. Table 4.5 show the most of the participants (54 respondents) have work experience ranging between 21 to 25 years This represented a percentage of 46.6%. However, participants with a work

experience of 6 to 10 years represented the lowest number of 8 participants, forming a 12.1% of the total aggregate.

Table 4.5: Descriptive Statistic of Respondents' Work Experience.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
BELOW 5 YEARS	14	12.1	12.1	12.1
6 < 10 YEARS	8	6.9	6.9	19.0
11 < 20 YEARS	24	20.7	20.7	39.7
21 < 25 YEARS	54	46.6	46.6	86.2
26 YEARS AND ABOVE	16	13.8	13.8	100.0
Total	116	100.0	100.0	

4.2 VALIDITY AND RELIABILITY TEST

Validity is a technique for guaranteeing that a scale measures the correct entity. Reliability refers to the consistency of a measure. The validity and reliability test are the technique for deciding if the gathered data is valid and reliable. Factor analysis evaluate the relationships that exist between an enormous number of items and in doing so decreases the items into more modest group, known as elements. These elements contain connected factors and are commonly very comparable regarding content or significance. Exploratory factor analysis does not separate between factors on whether they are free or explained, yet rather a reliance method that does not determine formal hypothesis. It is in this sense it is 'exploratory' in nature as it permits the researcher to decide the hidden aspects or elements that exist in a group of items. The method is especially helpful for managers or researchers in lessening items into discrete dimensions that can be added or accumulated and, in this way, utilized as contribution for additional multivariate examination like regression (Hooper, 2012).

Table 4.6 reveals the results of the validity and reliability tests.

The purpose of establishing validity and reliability in the research is to ensure the data are sound and replicable and the results are accurate.

The factor loading intervals that represent validity shows that there 8 items that correctly measure the independent variable knowledge management ranging from KM1 to KM8 since their communalities are more than 0.5 individually. Also, the dependent variable, innovation (INV) is correctly measured using 2 items, both having communalities both of .888.

Finally, results showed that firm performance is measured correctly using nine items (FP1-FP9) because their communalities are more than 0.5. Accordingly, just one item was

excluded from the analysis, which is item 10 of the firm performance because its communality was less than 0.5. Based on this, all the remaining collected data were valid.

The reliability of the items was based on Cronbach's Alpha. The results show that the three studied variables are all reliable since their Cronbach Alpha are more than 0.7. Hence the data collected are all reliable and valid.

Table 4.6: Validity and Reliability Test.

Variables	Factor Loading Interval	Cronbach's Alpha	Number of Items	Items
Knowledge management (KM)	.503-.815	0.762	8	KM1 – KM8
Innovation (INV)	.888-.888	0.730	2	INV1 – INV2
Firm Performance (FP)	.573-.882	0.760	3	FP1 – FP9

4.3 HYPOTHESIS ANALYSIS

4.3.1 Correlation Analysis

Firstly, a correlation analysis was conducted to investigate the presence of a relationship between the variables. This study aims to investigate if there is a correlation between knowledge management, innovation and firm performance. The existence of a strong relationship will be determined by the p-value being less than 0.05 (Mutaugh 2014;614). Pearson correlation measures the strength of the linear relationship between two variables. The value of the correlation coefficient reflects the direction of the correlation and the strength of the relationship between two variables. A Pearson correlation coefficient of 0.5 indicates a moderate positive correlation and generally, a correlation coefficient between 0.4 and 0.7 is considered a moderate correlation.

Table 4.7 reveals low degree correlation between knowledge management and innovation, [$r(116) = .043$, $p = .647$]. At the same time there was no significant linear relationship between the two variables, since their p-value is above 0.05 ($p > .05$). Meaning hypothesis, one is not supported. In addition, there was also positively significant relationship between the knowledge management and firm performance, [$r(116) = .518$, $p = .000$].

In contrast, there was non-significant positive relationship between the firm performance and innovation, [$r(116) = .022$, $p = .819$].

Table 4.7: Correlation Result.

		KM	INV	FP
KM	Pearson Correlation	1	.043	.518**
	Sig. (2-tailed)		.647	.000
	N	116	116	116
INV	Pearson Correlation	.043	1	.022
	Sig. (2-tailed)	.647		.819
	N	116	116	116
FP	Pearson Correlation	.518**	.022	1
	Sig. (2-tailed)	.000	.819	
	N	116	116	116
**, Correlation is significant at the 0.01 level (2-tailed).				

4.3.2 Regression Analysis

Since there is correlation among some of the variables under consideration, there is a need to conduct a regression analysis to examine the relationship and to define which hypothesis is supported. Accordingly, simple linear regression analysis was conducted to test if knowledge management significantly predicted innovation and firm performance.

Table 4.8: Regression Results.

Variables	Standardized Beta	Standardized Beta
	Model-1 (INV)	Model-2(FP)
KM	.043	.518***
F	.210	610.129***
T	.459	24.701
R Sq.	.002	.843

Where: KM = Knowledge management INV= Innovation FP = firm Performance

4.3.2.1 Research objective one: the effect of knowledge management on the innovation.

Table 4.9: The Effect of Knowledge Management on the Innovation Model Summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.043 ^a	.002	-.007	1.07359

a. Predictors: (Constant), KM

Table 4.10: The Effect of Knowledge Management on the Innovation Anova^a.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.242	1	.242	.210	.647 ^b
	Residual	131.396	114	1.153		
	Total	131.638	115			

a. Dependent Variable: INV

b. Predictors: (Constant), KM

Table 4.11: The Effect of Knowledge Management on the Innovation Coefficients^a.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.707	.461		5.870	.000
	KM	.065	.141	.043	.459	.647

a. Dependent Variable: INV

The tables above (4.9 – 4.11) above revealed the test of hypothesis through examining the effect of knowledge management on the innovation. The results revealed a low level of fitness at R-value of 0.043^a, R² of 0.002, df = [(N-1) = 115 – 1 = 114], and F-value of 0.210. The R² of 0.002 connotes that about 0.2% of innovation could be explained the knowledge management. Also, the R-value of 0.043^a in the table indicates that there is weak, but positive relationship between the two variables, which also help to authenticate

the correlation results of hypothesis. However, since the F-sig. (p-value) of .647 is greater than α (0.05), hence, there exists an insignificant effect of knowledge management on innovation. Hence, the null hypothesis, which asserted that there is no notable impact on innovation, is now accepted.

4.3.2.2 Research objective two: the effect of knowledge management on the firm performance.

Table 4.12: The Effect of Knowledge Management on the Firm Performance Model Summary.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.918 ^a	.843	.841	.27312

a. Predictors: (Constant), KM

Table 4.13: The Effect of Knowledge Management on the Firm Performance Anova^a.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	45.512	1	45.512	610.129	.000 ^b
	Residual	8.504	114	.075		
	Total	54.016	115			

a. Dependent Variable: FP

b. Predictors: (Constant), KM

Table 4.14: The Effect of Knowledge Management on the Firm Performance Coefficients^a.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.392	.117		3.338	.001
	KM	.888	.036	.518	24.701	.000

a. Dependent Variable: FP

The table above (4.12 – 4.14) above revealed the test of hypothesis while examining the effect of knowledge management on firm performance. The table revealed that there is low level of fitness at R-value of 0.918^a, R² of 0.843, df = [(N-1) = 115 – 1 = 114], and F-value of 610.129. The R² of 0.843 connotes that about 84.3% of firm performance could be

explained by the knowledge management. Also, the R-value of 0.918^a in the table indicates that there is strong and positive relationship between the two variables, which also help to authenticate the correlation results of hypothesis. However, since the F-sig. (p-value) of .000 is less than α (0.05), hence, there exists a significant effect of knowledge management on firm performance. Therefore, the null hypothesis previously stated that there is no significant effect of knowledge management on the firm performance is hereby rejected, while the alternative hypothesis accepted. This implies that as knowledge management increases, there will be increase in the firm performance.

The findings from this research study reveals a consistent trend supporting a positive association between effective knowledge management (KM) practices and enhanced firm performance. Across various studies, the implementation of knowledge management strategies has demonstrated a notable impact on organizational outcomes. These outcomes include improved innovation, heightened problem-solving capabilities, and an overall competitive advantage within the market (Tregua *et al.*, 2022). Despite variations in methodologies and contexts, a general consensus emerges, emphasizing the significance of leveraging knowledge resources for organizational success.

5. CONCLUSION

5.1 DISCUSSION OF FINDINGS

In a knowledge-based economy, this study looked at knowledge management and its impact on some very important constructs which are innovation and firm performance. Knowledge management has been identified as a key element that ensures sustainability strategic competitive advantage and performance. People (staff) and knowledge which exist within the people are some of the most crucial elements in organization's success. As such, for an organization to be effective, it has to look at its processes and technology; people are also sources of knowledge. Additionally, knowledge management has proven to be intrinsically linked with organization's objectives and strategic policies, thus playing an essential role in management.

This study has pointed out that one of the sustainable competitive advantages of organizations is knowledge. Utilizing a quantitative research method in the form of a survey design, 116 employees working in Nigerian service industry were the subjects of the study. within various age groups and educational backgrounds. The results showed that Knowledge Management had a weak insignificant positive relationship with innovation indicating the rejection hypothesis one

This result were not in accordance with the greater part of the recently led research such as Byukusenge et al., (2017) who demonstrated a negative relationship between innovation and knowledge management. Moreover, Prajogo et al (2004) affirmed that knowledge management had a significant negative effect on product and service innovation. However, service industry in Nigeria may be showing an opposite outcome because Nigeria is a developing country where people are not really concerned with knowledge management because there is an inadequate understanding of the concepts in conjunction with innovation.

Furthermore, hypothesis two (H₂), which states that there is a positive relationship between knowledge management and firm performance was supported. This finding was in line with that of Bhatt (2002) and Gold et al., (2001), who confirmed there is a favorable and significant relationship between knowledge management and the different dimensions of firm performance (FP). It is therefore concluded that knowledge management components (i.e knowledge creation and knowledge application) are important drivers of manufacturing

firms' performance. It is recommended that manufacturing firms should embrace effective knowledge creation and application towards the enhancement of their overall performance.

5.2 LIMITATIONS, FUTURE RESEARCH AND RECOMMENDATIONS

One limitation of this study is the limited sample size, which consisted of only 116 participants. Moreover, the findings ought to be tested for their generalizability in relation to different aspects such as a larger and more diverse sample and or geographical region.

The study aims to look at the link between knowledge management, innovation and firm performance. Further studies can add control variables as moderators, for example organizational culture, and leadership style. Likewise, since this study is a cross-sectional one, a longitudinal research can be performed in future studies to define relations among the concentrated factors.

This section of the research is assigned for the shortcomings of our research. We account for some numbers among which we have the limited time available for the realization of this work was a great challenge. Future study should be conducted on a larger frame of time so that our results can be verified. Furthermore, the sample size was very limited (to just 116). Our findings ought to be tested for their generalizability in relation to different aspects. Further researches can look into a bigger population size.

Based on the findings, the best way for policymakers to encourage the spread of knowledge management among businesses from other organizations is to encourage firm growth by adopting knowledge management through series of seminar and sensitization in the workplace. Firms ought to be urged to partake in this exercise as the business world is dynamic so that there will be a proper network of knowledge among the employees in Nigerian service industry. This study can be repeated in other industries in Nigeria such as the manufacturing companies, telecommunications among others.

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APPENDIX-A

QUESTIONNAIRE

SECTION A: Please tick [✓] for the option that best reflects your answer	
DEMOGRAPHIC DATA	WORK EXPERIENCE
Age 21 - 30 [] 31 – 40 [] 41 – 50 [] Above 50 []	Working Period 0 – 5 [] 6 – 10 [] 11 – 15 [] 16 – 20 [] Above 20 []
Gender Male [] Female [] Marital Status Single [] Married [] Divorced []	Educational Qualification School Certificate Holders [] First Degree [] Professional Certificate [] Post Graduate []

SECTION B: These affirmations are all about the Studied variables which are Knowledge Management, Innovation, and Firm Performance. Please check the appropriate number to indicate how much you agree or disagree with each of the statements below. [Please put tick mark (✓) on respective boxes][Scale: Strongly disagree (1), Disagree (2), Neutral (3), Agree (4), Strongly agree (5)]

KNOWLEDGE MANAGEMENT (KM)

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	Knowledge (know-how, technical skill, or problem-solving methods) is					
1	very much arranged in your organization.					
2	In your company, formal documents and manuals make it simple to acquire knowledge.					
3	Your business should keep records of meetings and projects' outcomes.					
4	Knowledge is shared through classified structures like manuals or records in your organization					
5	Knowledge can be handily gained from specialists and collaborators in your organization.					
6	Experts in your industry are readily available for face-to-face consultations.					
7	Casual discoursed and gatherings are utilized for information partaking in your organization					
8	Information is obtained by balanced tutoring in your organization.					

INNOVATION (INV)

9	The number of new or improved products and services introduced to the market is higher than the industry average.					
10	The number of new or improved processes is higher than the industry average.					

FIRM PERFORMANCE (FP)

11	FP is fast growing.					
12	FP is more profitable.					
13	FP brings fort higher customer satisfaction.					
14	FP leads to higher quality products.					
15	FP is more efficient in using resources.					
16	FP has internal processes oriented to quality.					
17	FP delivers orders quickly					
18	FP has more satisfied employees.					
19	FP has more qualified employees.					
20	FP has more creative and innovative employees.					