



Organizational culture as a catalyst: Mediating knowledge management and performance on public banks

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Abstract

This study examines the mediating role of organizational culture in the relationship between knowledge management (KM) practices and organizational performance within Nepalese public banks. Using structural equation modeling (SEM), the research assesses the impact of four KM dimensions—knowledge acquisition, conversion, transfer, and application—on bank performance through the lens of organizational culture. The findings disclose various mediation patterns: knowledge application reveals complementary mediation, significantly influencing both organizational culture and performance; knowledge conversion reveals competitive mediation, showing opposing direct and indirect effects; knowledge acquisition reveals direct-only non-mediation, with no significant indirect effects via organizational culture; and knowledge transfer reflects no-effect non-mediation, lacking substantial relationships. These outcomes underscore the critical role of organizational culture in shaping KM practices' effectiveness. Data were collected from 120 respondents across three Nepalese public banks using stratified sampling and a structured questionnaire. The results emphasize the importance of fostering a supportive organizational culture to maximize KM benefits and increase performance. Furthermore, the study highlights that KM dimensions impact performance differently, requiring adapted strategies for effective implementation. This research contributes to the growing body of knowledge by offering empirical insights into the dynamic relationship between KM, organizational culture, and performance in the Nepalese banking sector, with implications for academia and practitioners.

Keywords: Knowledge management (KM), organizational culture, organizational performance, Nepalese Public Banks, Structural equation modeling (SEM)

Introduction

Knowledge management is one of the suitable solutions for business profitability and efficiency in organizations (Seyedzade, 2010) ^[41]. Many organizations have empowered knowledge development at different levels and have been successful, but many have been unsuccessful. Due to the Lack of proper mechanisms to review and establish knowledge management, these types of investments have become an extra cost in managers' minds. Therefore, organizations need to generate an environment for sharing, transferring, and interacting knowledge among their members and educating them on meaningful interactions. Moreover, they must attempt to craft and identify the fundamental factors for implementing knowledge management (Tabarsa & Ormazdi, 2008) ^[44]. One of these essential factors is organizational culture. Organizational culture is based on values, beliefs, assumptions, legends, values, and goals, which are widely acknowledged within the organizations. Organizational culture is a system of shared assumptions that divide organizations. This system consists of main attributes that categorize and differentiate their values.

Organizational culture constitutes the fundamental essence of an organization's attitudes and beliefs, which are marked in the behaviors and performance of its employees. Organizational culture shapes how members perceive and interpret the organization's functioning, impacting their decision-making processes (Gabriel, 2015) ^[12]. Researchers have studied the role of culture in the effectiveness and performance of organizations, highlighting its influence on decision-making, problem-solving, and relationships among organizational members (Ratna *et al.*, 2020) ^[39]. Culture is a powerful force within the organizational landscape, shaping

competitive environments, effectiveness, performance, and overall organizational atmosphere.

Although the banking industry in Nepal has made remarkable progress and growth, the corporate culture and organizational performance have been average, and risks are on the rise (Ghimire *et al.*, 2021) ^[14]. Organizational practitioners face numerous management problems rooted in the culture of society, hindering progress toward achieving high performance (Demetriades & Luintel, 2009) ^[10]. The concept of corporate culture has not yet developed and been practiced in Nepalese organizations to the extent seen in some developed countries. Nevertheless, some investigations and empirical studies have been conducted to analyze the impact of organizational culture on organizational performance in the banking sector of Nepal (Jain & Lamichhane, 2020 ^[20]; Dirgahayu, 2020) ^[11]. When the concept of organizational culture is understood correctly, in addition to directly impacting organizational performance, it can indirectly influence organizational performance through employee commitment and satisfaction.

Furthermore, banks and financial institutions entering the Nepalese market need to understand the impact of Nepal's culture, environment, values, and norms on these important variables. Applying universal organizational culture practices to a different cultural context like Nepal is not straightforward, as it may result in different, undesirable outcomes. A study on corporate culture and firm performance in the context of Nepal revealed that the culture of a bank has no impact on the performance of commercial banks, as there is insufficient evidence to prove that the culture of a bank does impact the performance of commercial banks (Basnet & Regmi, 2019) ^[5]

Furthermore, institutional progress is significantly influenced by management and leadership, institutional policies and processes, and the fairness exhibited by institutional leadership. In general, organizational performance is determined by the interdependent collective performance of the workforce (Hussein *et al.*, 2014). Therefore, performance management is pivotal in determining the success of banking sector organizations in emerging nations such as Nepal (Gautam, 2013)^[13].

Nevertheless, Nepal's circumstances diverge from those of other emerging nations for many reasons. Various factors, including budgetary restrictions, government regulations, and institutional policies, impact these institutions. These elements have a substantial influence on the progress and achievement of enterprises (Shrestha, 2019)^[42]. Moreover, banking establishments in Nepal encounter obstacles to good governance, self-sustainability, accountability, transparency, and efficiency. These challenges can solely be surmounted by harnessing the capabilities of the institutions' diverse workforce to execute tasks effectively and efficiently. Additionally, procedural conditions and institutional acts are crucial factors that the administration of these establishments should consider. Thus, the degree to which an institution is prepared to change is a pivotal determinant in attaining optimal institutional performance.

The institutional performance of financial institutions in Nepal has emerged as a significant area of concern during the past few decades. Implementing equitable and transparent institutional policies inspires personnel to strive for optimal performance and achieve institutional goals in a streamlined and efficient manner. This, thus, facilitates the attainment of the desired status and rating by the administration of the relevant institutions (Khanal, 2007)^[22]. In the modern competitive world, institutions must also maximize the knowledge and abilities of their employees in order to attain their desired standing holistically and obtain a competitive edge (Kurdi *et al.*, 2020)^[23]. Hence, performance management emerges as a critical element in conjunction with other determinants to attain the intended goals of these financial establishments, thereby bolstering their academic reputations and facilitating the attainment of performance management benchmarks.

Literature Review

1. Knowledge Acquisition and Organizational Performance

Knowledge acquisition involves effectively using existing knowledge and generating new knowledge through active conversation and externalization, which is then distributed as new knowledge (Milton, 2007)^[31]. It includes conducting external surveys, acquiring knowledge-rich firms, providing external training, hiring knowledgeable employees, purchasing datasets, monitoring technological advancements, purchasing patented processes, and gathering knowledge through competitive intelligence (Chipman & Meyrowitz, 2012)^[8]. Knowledge acquisition is facilitated by interaction, feedback, innovation, brainstorming, and benchmarking activities.

H1: Knowledge Acquisition has a significant relationship with the performance of the public banks.

2. Knowledge Conversion and Organizational Performance

Knowledge conversion refers to the processes within knowledge management that render current helpful

knowledge. It involves synthesizing, refining, integrating, combining, coordinating, distributing, and restructuring knowledge. This process enables an organization to make individual valuable knowledge at the organizational level by converting individual knowledge into organizational knowledge. Conversion-oriented knowledge management processes focus on making existing helpful knowledge. Processes that enable knowledge conversion include an organization's ability to organize, integrate, combine, structure, coordinate, or distribute knowledge (Bratianu, 2015)^[6]. Integration of specialized knowledge is a primary goal, and mechanisms for achieving this include rules and directives, sequencing, routines, and group problem-solving and decision-making.

H2: Knowledge Conversion has a significant relationship with the performance of the public banks.

3. Knowledge Transfer and Organizational Performance

Research in the literature suggests that knowledge transfer can enhance firm performance. However, there are mixed results (both positive and negative) that can be attributed to the complexity of knowledge transfer and its nature concerning firm performance (Jasimuddin *et al.*, 2011)^[21]. Palacios-Marqués *et al.* (2013)^[34] and Corral de Zubielqui *et al.* (2018)^[9] studied knowledge transfer as an independent variable explaining firm performance. Maroofi & Sadqi, (2012)^[28] pointed out that different industries may experience varying firm performance outcomes due to employees from diverse cultural backgrounds interpreting knowledge content differently. Knowledge transfer involves converting data into information that becomes knowledge (Liu *et al.*, 2017)^[24].

However, it's worth noting that knowledge transfer may not always exhibit a direct or indirect relationship with firm performance. In some cases, other factors may partially mediate this relationship (Williams & Mullane, 2019)^[46]. Mills, A. M., & Smith, (2011)^[30] argued that the results regarding the influence of knowledge transfer on firm performance remain unclear and are subject to debate among researchers.

H3: Knowledge Transfer has a significant relationship with the performance of the public banks.

4. Knowledge Application and Organizational Performance

Knowledge application involves the extent to which a firm applies knowledge resources that are shared across functional boundaries. It focuses on how knowledge is utilized to create commercial value since knowledge becomes valuable only when it is applied to solve problems. Effective knowledge application includes storage, retrieval, application, and sharing, enabling a firm to access and use knowledge quickly (Sahibzada *et al.*, 2023)^[40]. Applying and sharing knowledge means making it more active and relevant to the organization in creating value. Knowledge that remains unshared by employees has limited value to an organization. Knowledge application encompasses storage, retrieval, application, and sharing. Effective storage and retrieval mechanisms enable quick access to knowledge. Payal *et al.*, (2019)^[36] highlighted that effective knowledge application has helped firms enhance efficiency and reduce costs. It also aids in improving business performance by ensuring access to up-to-date information and knowledge. To have an impact on organizational performance,

knowledge must be used to support the firm's processes. Therefore, knowledge utilization transforms acquired knowledge from a potential capability into a realized and dynamic capability that influences organizational performance (Hemmati & Hosseini, 2016) [18].

H4: Knowledge application has a significant relationship with the performance of public banks

5. Knowledge Management, Organizational Culture, and Bank Performance

The strong correlation between knowledge management and organizational culture has been the subject of much scholarly research. Knowledge management influences organizational attitudes and behaviors, contributing to achieving organizational objectives (Abbas & Khan, 2022) [1]. Organizational culture and knowledge management strongly predict organizational performance and development (Manley & Shaw, 2007) [27]. Organizational culture plays a significant role in guiding individuals' behavior and aligning their actions with the organization's norms and values (Rai, 2011) [38].

Knowledge-based perspectives emphasize that intellectual assets are critical for organizations to gain a competitive advantage, with knowledge being the primary organizational resource (Lukasova, 2006) [25]. Organizations effectively managing knowledge assets can reap a wide range of benefits, including reduced infrastructure costs, enhanced workforce productivity, improved shared efficiency, services, and innovation (Wahda, 2017) [45]. Therefore, organizations must foster a culture of knowledge management as a crucial aspect of the knowledge economy (Osatuyi *et al.*, 2010) [33]. While individuals' efforts in the knowledge management process may sometimes conflict with organizational culture, it is essential to acknowledge that organizational culture comprises norms and shared meanings, influencing individual expectations (Abbas & Khan, 2022) [1]. The complexity of knowledge management among individuals often depends on organizational climate, which, in turn, is contingent upon organizational culture.

Organizational culture can pose challenges in the knowledge management process, as it encompasses various dimensions and norms. Organizational culture and interpersonal social relationships play significant roles in knowledge

management, affecting organizational performance (Manley & Shaw, 2007) [27]. Therefore, understanding how to promote an encouraging organizational culture that inspires employees to apply, transfer, store, and create knowledge is essential. Organizational culture and empowerment both have dual roles in influencing knowledge management activities, underscoring their significance in organizational performance.

Organizational performance can be measured through two distinct perspectives: strategic and financial performance. Achieving satisfactory financial results is crucial (Aida & Abadiyah, 2022) [2], as fiscal outcomes are central to an organization's pursuit of its vision.

Organizational culture plays a vital role in achieving organizational performance, and empirical evidence suggests a positive and significant impact of organizational culture on long-term performance (Ibidunni & Mayowa, 2014) [19]. Organizations with robust cultures prioritizing management and strategic constituencies—such as consumers, shareholders, and employees—achieve superior performance compared to those that do not possess these cultural attributes (Aida & Abadiyah, 2022) [2]. It has been suggested that the four-attribute model of organizational culture—consistency, mission, involvement, and adaptability—is crucial for organizational effectiveness (Aida & Abadiyah, 2022) [2]. Overall, the literature indicates that organizational culture significantly influences organizational performance, with a growing consensus that it will become even more crucial for organizations' success in the future (Lukasova, 2015) [26].

H5: Knowledge Management has a significant relationship with culture of the public banks

H6: Organizational culture of the public banks has a significant relationship with performance of the banks.

H7: knowledge Management has a significant effect on culture of the public banks

H8: Organizational Culture has significant effect on the performance of public banks.

H9: Organizational Culture mediates the effect of Knowledge management on performance of the public banks.

Knowledge Management

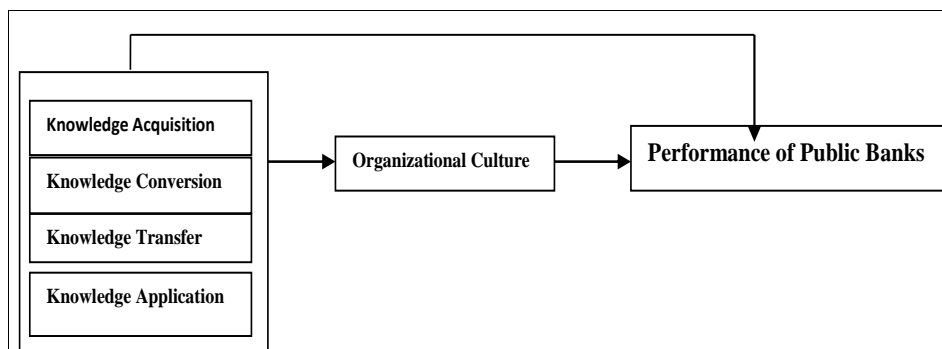


Fig 1: Research Model

Research Methodology

This research assumes a dual descriptive and explanatory nature, employing a combined descriptive cum survey design to scrutinize and assess the presence of knowledge management dimensions. The study investigates the influence of knowledge management practices on bank

performance, considering the mediating influences of organizational culture within the context of Nepalese public banks. The selection of Nepalese commercial banks, encompassing both public banks, is conducted through a stratified sampling methodology. The criterion for inclusion in the study is predicated on the establishments' operational

history, with a deliberate focus on institutions with 15 years or more tenure. The research instruments employed in this study consist of a questionnaire opinion survey designed to elicit responses from potential participants.

3.1 Population and Sampling

The study encompasses 3 government-owned during the survey period spanning from September 2022 to January 2023. During the research, questionnaires were distributed, and officers and personnel of various ranks were individually visited at banks. 120 of 150 questionnaires were received and considered useable, corresponding to a response rate of 80 percent for the entire population. In stratified sampling, the researcher chooses the value of the sample sizes in the respective strata (Ardilly & Tillé, 2006) [3]. To attain the objective of this study 40 respondents were selected from each banks. A pilot study was conducted using a sample of twenty-five employees from banks in neighboring districts (Rupandehi, District). Primary data were used for the study and obtained mainly from the structured questionnaires. Researchers use questionnaires to gather information on study participants' thoughts, feelings, attitudes, beliefs, values, perceptions, personality, and behavioral intentions (Marrais & Lapan, 2004) [29]. A five-point semantic differential agreement/disagreement scale

was utilized for this purpose, with 1 indicating significant disagreement and 5 indicating strong agreement.

Data analysis and Interpretation

1. Sample Descriptive

The descriptive statistics provide a detailed profile of the study's respondents. Out of the 120 individuals, 64.17% (n = 77) were male, while 35.83% (n = 43) were female, indicating a gender imbalance supporting male participants. In terms of educational achievement, a significant greater part, 76.67% (n = 92), held a Master's degree, whereas 23.33% (n = 28) have completed a Bachelor's degree, suggesting a primarily highly educated cohort. Regarding professional roles, 25.83% (n = 31) were categorized as managers, 24.17% (n = 29) as officers, and 50% (n = 60) as others, reflecting variety in professional designations. Work experience distribution is relatively balanced, with 35.83% (n = 43) reporting less than 5 years of experience, 37.50% (n = 45) having 6 to 10 years, and 26.67% (n = 32) having 11 years or more. This demographic and professional composition of the sample offers a different and OK distinction basis for analyzing the variables under the study.

2. Measurement Model: Reliability and Validity

Table 1: Measurement Items Assessment

Variables	Code	Outer Loading	VIF	Mean	SD	Remarks
Knowledge Acquisition	KA1	0.753	2.03	2.785	1.43	
	KA2	0.815	2.779	2.864	1.458	
	KA3	0.725	2.152	3.172	1.451	
	KA4	0.813	2.978	2.932	1.438	
	KA5	0.674	1.663	3.069	1.466	Dropped
	KA6	0.803	2.542	2.855	1.465	
	KA7	0.805	3.303	2.204	1.381	
	KA8	0.76	3.289	2.012	1.399	
	KA9	0.78	2.276	2.601	1.491	
	KA10	0.781	2.292	2.23	1.432	
Knowledge Conversion	KC1	0.766	3.279	2.235	1.401	
	KC2	0.781	3.55	2.214	1.388	
	KC3	0.77	3.19	2.266	1.379	
	KC4	0.673	1.842	2.742	1.459	Dropped
	KC5	0.827	2.823	2.525	1.524	
	KC6	0.749	2.77	3.16	1.501	
	KC7	0.773	3.185	3.235	1.474	
	KC8	0.814	3.321	2.806	1.535	
	KC9	0.699	1.908	3.306	1.471	Dropped
	KC10	0.809	3.161	2.904	1.485	
Knowledge Transfer	KT1	0.841	4.333	2.582	1.406	
	KT2	0.851	4.118	2.473	1.391	
	KT3	0.821	3.049	2.888	1.436	
	KT4	0.644	2.657	2.87	1.468	Dropped
	KT5	0.786	2.577	2.788	1.462	
	KT6	0.834	2.998	2.596	1.391	
	KT7	0.874	3.937	2.545	1.402	
	KT8	0.844	3.356	2.557	1.427	
	KT9	0.775	2.692	2.87	1.466	
	KT10	0.787	2.241	2.452	1.395	
Knowledge Application	KAP1	0.697	2.011	3.233	1.4	Dropped
	KAP2	0.678	2.394	3.011	1.476	Dropped
	KAP3	0.782	2.448	3.391	1.395	
	KAP4	0.775	2.603	3.475	1.387	
	KAP5	0.806	2.735	3.918	1.22	
	KAP6	0.783	2.814	3.913	1.284	
	KAP7	0.762	2.244	3.711	1.256	
	KAP8	0.793	3.416	3.743	1.386	
	KAP9	0.766	2.822	3.715	1.382	

	KAP10	0.814	2.674	3.646	1.35	
Organizational Culture	OC1	0.496	1.243	4.33	0.959	Dropped
	OC2	0.673	2.387	3.028	1.478	Dropped
	OC3	0.726	1.905	3.853	1.254	
	OC4	0.763	2.419	3.441	1.399	
	OC5	0.82	2.583	3.905	1.235	
	OC6	0.781	2.394	3.66	1.352	
	OC7	0.734	1.949	3.746	1.365	
	OC8	0.774	2.288	3.45	1.351	
	OC9	0.854	3.04	3.62	1.339	
	OC10	0.679	1.946	3.279	1.408	Dropped
Bank Performance	OP1	0.872	4.19	2.461	1.357	
	OP2	0.85	3.558	2.707	1.436	
	OP3	0.842	3.02	2.784	1.431	
	OP4	0.864	3.604	2.506	1.423	
	OP5	0.817	3.037	3.074	1.447	
	OP6	0.634	2.588	3.437	1.417	Dropped
	OP7	0.783	2.734	3.163	1.417	
	OP8	0.838	3.255	2.671	1.483	
	OP9	0.796	2.793	2.913	1.479	
	OP10	0.819	2.732	2.494	1.426	

Table 1. represents the assessment of the measurement scale items used to measure the observed variables. Each variable was measured with the help of 10 measurement scale items. Out of 70 items used to measure the constructs of the research framework we found 59 items with outer loading values of more than 0.70 critical values and 11 items with less than 0.70 critical values. The standard critical value to retain the measurement item scale is 0.70 (Hair *et al.*, 2021) [16]. So, the items whose outer loading value is less than 0.7

are dropped for further analysis. The variance inflation factor values of most of the items are between 1to 5, which are considered a highly acceptable range. However, according to Hair *et al.* (2016) [16], VIF values below 5 are also acceptable. Hence, there is no state of multi-collinearity among measurement scale items. The mean and standard deviation values are also within the satisfactory range; therefore, the data is satisfactory for further analysis.

Table 2: Assessments of Reliability and Validity

Reliability Standards	KA	KC	KT	KAP	OC	OP
Cronbach's alpha	0.922	0.918	0.94	0.925	0.913	0.944
Composite reliability (rho_a)	0.923	0.919	0.942	0.93	0.921	0.945
Composite reliability (rho_c)	0.935	0.933	0.949	0.939	0.931	0.943
Average variance extracted (AVE)	0.616	0.635	0.676	0.657	0.659	0.692

The table indicates the internal consistency, reliability, and validity of the constructs. The Cronbach's Alpha value of all the constructs is above the critical value of 0.70. Further, the rho_A and composite reliability values of all the constructs are between 0.75 and 0.95 critical values (Hair *et al.*, 2021) [16]. Additionally, the average variance extracted value of all the constructs is more than 0.50 which denotes more than 50% variance among the constructs (Bagozzi, 1981) [4]. Hence, there convergent validity and reliability of all constructs are established.

Table 3: Discriminant Validity (HTMT Ratio Matrix)

	KA	KC	KT	OC	OP	KAP
KA						
KC	0.816					
KT	0.850	0.880				
OC	0.207	0.400	0.250			
OP	0.860	0.857	0.862	0.192		
KAP	0.223	0.381	0.255	0.885	0.215	

Table 3 indicates the Heterotrait-Monotrait Ratio of Correlations (HTMT) which indicates the discriminant validity of all constructs. The HTMT ratio measures the correlations between two latent variables (Chin *et al.*, 2003) [7]. The HTMT ratio values of all constructs are less than

0.90 critical values, indicating that the discriminant validity of all the constructs is established.

The mediation of organizational culture on knowledge management and the performance of public banks are analyzed at three levels. At first, the indirect mediation effect of organizational culture has been assessed with all knowledge management dimensions (knowledge acquisition, conversion, transfer, and application) on public bank performance. A structural equation modeling technique has been applied to test the proposed hypothesis. The results reveal that out of four KM variables, they were positively and significantly associated with the performance of the public banks. Namely, knowledge acquisition, conversion, knowledge transfers, and knowledge application with organizational culture and bank performance have p values less than 0.05 and T statistics greater than 2.00.

This confirms that there is significant and significant mediation between the variables, which is supported by the findings of Patnaik *et al.* (2013) [35]. The study validates that organizational culture is essential for knowledge acquisition, conversion, transfer, and application. Since the beta value and the mean value in the cases of knowledge conversion and knowledge transfer are negative, there is a negative mediation effect of organizational culture on the performance of the public banks.

Table 4: Mediating Effect of Organizational Culture on knowledge management and performance of the Public Banks in Nepal

(a) Path Coefficient

Hypotheses	β	Mean	SD	T Stat.	P Values	Decision
KA -> OC	0.037	0.041	0.065	0.574	0.566	Reject null
KA -> OP	0.331	0.329	0.067	4.905	0.000	Don't reject null
KAP -> OC	0.846	0.842	0.045	18.985	0.000	Don't reject null
KAP -> OP	-0.055	-0.056	0.093	0.587	0.557	Reject null
KC -> OC	-0.160	-0.167	0.097	1.647	0.100	Reject null
KC -> OP	0.138	0.141	0.070	1.967	0.049	Reject null
KT -> OC	-0.015	-0.016	0.085	0.172	0.863	Don't reject null
KT -> OP	0.566	0.562	0.070	8.091	0.000	Reject null
OC -> OP	0.107	0.107	0.105	1.021	0.307	Reject null

(b) Indirect Effects

Hypotheses	β	Mean	SD	T Stat.	P Values	Decision
KA -> OP	0.004	0.006	0.012	0.344	0.731	Don't Reject Null
KAP -> OP	0.091	0.090	0.089	1.020	0.308	Don't Reject Null
KC -> OP	-0.017	-0.020	0.025	0.678	0.498	Don't Reject Null
KT -> OP	-0.002	0.000	0.013	0.120	0.905	Don't Reject Null

(c) Specific indirect effect

Hypotheses	β	Mean	SD	T Stat.	P Values	Decision
KAP -> OC -> OP	0.091	0.090	0.089	1.020	0.308	Don't Reject Null
KA -> OC -> OP	0.004	0.006	0.012	0.344	0.731	Don't Reject Null
KT -> OC -> OP	-0.002	0.000	0.013	0.120	0.905	Don't Reject Null
KC -> OC -> OP	-0.017	-0.020	0.025	0.678	0.498	Don't Reject Null

(d) Total Effect

Hypotheses	β	Mean	SD	T Stat.	P Values	Decision
KA -> OC	0.037	0.041	0.065	0.574	0.566	Don't Reject Null
KA -> OP	0.335	0.335	0.065	5.137	0.000	Reject Null
KAP -> OC	0.846	0.842	0.045	18.985	0.000	Reject Null
KAP -> OP	0.036	0.034	0.036	1.010	0.313	Don't Reject Null
KC -> OC	-0.160	-0.167	0.097	1.647	0.100	Don't Reject Null
KC -> OP	0.121	0.120	0.062	1.944	0.052	Reject Null
KT -> OC	-0.015	-0.016	0.085	0.172	0.863	Don't Reject Null
KT -> OP	0.564	0.562	0.069	8.209	0.000	Reject Null
OC -> OP	0.107	0.107	0.105	1.021	0.307	Don't Reject Null

3. Structural Equation Model

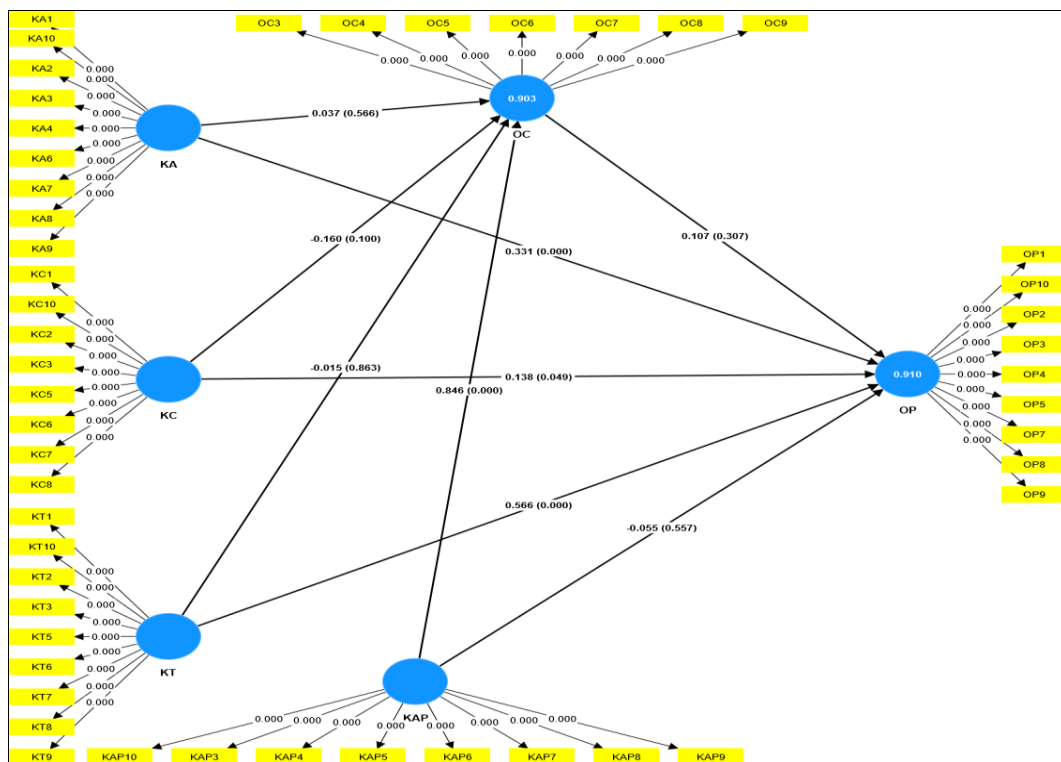


Fig 2: Path Relationship Diagram

Fig 2 and Table 4 present the direct relationships between the knowledge management variables—knowledge acquisition, knowledge conversion, knowledge transfers, and knowledge application—and the mediating variable organizational culture and the dependent variable bank performance. The results indicate that knowledge acquisition does not significantly affect organizational culture ($\beta = 0.037$, $p = 0.566$), suggesting that the null hypothesis cannot be rejected. However, knowledge acquisition statistically affects bank performance ($\beta = 0.331$, $p < 0.001$). Similarly, knowledge application shows a significant effect on organizational culture ($\beta = 0.846$, $p < 0.001$) while not significantly affecting bank performance ($\beta = -0.055$, $p = 0.557$).

In the case of knowledge conversion, there is no significant effect on organizational culture ($\beta = -0.160$, $p = 0.100$), and it directly affects bank performance ($\beta = 0.138$, $p = 0.049$). Knowledge transfers, on the other hand, are not statistically significant towards organizational culture ($\beta = -0.015$, $p = 0.863$) or bank performance ($\beta = 0.566$, $p < 0.001$), as confirmed by the p-values.

Based on the results, it is seen that the model exhibits different types of mediation and non-mediation effects. Knowledge conversion and knowledge application have statistically significant effects on bank performance via direct and indirect paths through organizational culture. It means there is complementary mediation. The independent variable knowledge acquisition is significant directly to bank performance but not through the mediating variable organizational culture. It means there is only direct non-mediation among the variables. However, knowledge transfer is not significant on either the dependent variable bank performance path or mediating variable organizational culture.

Discussion on the Findings

The findings provide valuable insights into the relationships between knowledge management processes, organizational culture, and bank performance. The results specify that knowledge acquisition directly enhances bank performance but does not significantly influence organizational culture, which supports with previous studies suggesting that knowledge acquisition contributes directly to organizational results without relying on cultural mediation (Nonaka & Takeuchi, 1995) ^[32]. Conversely, knowledge application significantly impacts organizational culture, not bank performance, representing complementary mediation. This result confirms that the practical application of knowledge promotes cultural association, which consequently advances organizational performance (Gold, Malhotra, & Segars, 2001) ^[15]. For knowledge conversion, the nonappearance of a significant effect on organizational culture but its direct impact on bank performance proposes a direct-only non-mediation effect, consistent with the literature highlighting the operational significance of converting tacit knowledge into explicit knowledge for organizational success (Polanyi, 1966) ^[37]. In contrast, knowledge transfer does not exhibit significant relationships with either organizational culture or bank performance, demonstrating its limited role in this framework, as supported by studies highlighting the appropriate loyalty of valuable knowledge transfer (Szulanski, 1996) ^[43].

Overall, the complementary mediation revealed by knowledge conversion and application draws attention to the

crucial role of organizational culture in mediating knowledge processes and performance. In contrast, the direct-only effects of knowledge acquisition emphasized its autonomous contribution to performance results. These findings emphasize the importance of culture knowledge management strategies to specific organizational dynamics and strengthen the multidimensional nature of knowledge processes in achieving the most favorable performance

Practical Implication

The findings of this study present actionable insights for bank managers and practitioners seeking to develop organizational performance through effective knowledge management. The significant direct impact of knowledge acquisition on bank performance recommends investing in healthy systems and practices for acquiring new knowledge, such as employee training programs, strategic partnerships, and market intelligence systems. Since knowledge acquisition activates autonomously of organizational culture, managers can prioritize it as an impartial strategic focus to achieve direct performance gains. Furthermore, mounting mechanisms to effectively capture internal and external knowledge can present a competitive edge, permitting banks to adjust rapidly to changing market situations.

The complementary mediation effect of knowledge application and conversion emphasizes the significant role of nurturing a strong organizational culture to improve the value of knowledge management processes. Managers should emphasize creating a collaborative and knowledge-sharing culture that aligns with organizational goals. Knowledge application initiatives, cross-departmental projects, or practical implementation of learned skills should be designed to strengthen cultural cohesion and indirectly improve performance. Likewise, spending in systems that ease the conversion of tacit knowledge into explicit knowledge, such as knowledge repositories or codification tools, can force straight performance advances. These insights recommend that a modified approach to knowledge management, identifying the different roles of acquisition, application, and conversion, is essential for attaining sustainable performance results in the banking sector.

Conclusion

This study examines the relationships between knowledge management processes, organizational culture, and bank performance. The findings show that knowledge acquisition directly enhances performance without relying on cultural mediation, while knowledge application influences culture, indirectly improving performance through complementary mediation. Knowledge conversion directly impacts performance, highlighting the importance of transforming tacit knowledge into explicit forms for operational success. In contrast, knowledge transfer shows no significant effects, suggesting its role is context-specific. These results emphasize the need for tailored strategies to maximize the benefits of knowledge management processes. Banks can improve adaptability and achieve sustainable performance by investing in knowledge acquisition, application, and conversion. Future research should explore additional factors, such as leadership and technology, to deepen understanding of knowledge management's role in organizational success.

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