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Impact of knowledge worker retention on organization performance

(Studied industrial companies in Florida)

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ABSTRACT

One of the characteristics of knowledge workers is their high level of mobility. The cost of labor turnover of these key resources is high in both financial and non financial terms. There is thus a need to understand what the factors are that underpin the retention cognitions of knowledge workers. The present study aims to examine the impact of knowledge on organizational performance is to retain staff. Data using Spss software and LISREL were analyzed. Statistical analysis showed a significant positive impact on knowledge workers maintains organizational performance.

Keywords: knowledge worker, knowledge worker retention, organization performance.

1. Introduction

The healthcare industry sits on the hinge of a future in which doctors can instantly share imaging and test results with colleagues in the same building or across the city, country or continent. Patients should have access to their own medical history and be able to transfer it from one healthcare centre to another. Nowadays, innovation is a core competency of all healthcare institutions (Lansisalmi, et al., 2006). Furthermore, new information technology and genetic reengineering are radically changing health care companies, creating new opportunities for innovation and for the enhancement of the productivity of the actual processes (Govindarajan, 2007). Innovation in healthcare continues to be a driving force in the quest to balance cost cuts and health care quality. Consequently, innovation has become a key piece for the achievement of a sustainable competitive advantage.

The retention challenge is the result of increasing job mobility in the global knowledge economy where workers average six employers over the course of a career (O'Neal, 2005), coupled with the baby boomer retirement "brain drain" and a smaller generation of workers entering their prime working age during this time (Jamrog, 2004). It is occurring in all types of organizations across all management levels. This study empirically investigates whether the impact of an organization's strategic orientation toward knowledge management, the learning culture it supports, and specific human resource practices impact knowledge worker retention and organization performance. This study is important because the costs from general employee turnover are significant, ranging from 100% to 150% of a person's base salary, including separation costs, replacement costs associated with hiring and training, and lost productivity costs (Bliss, 2001). In addition to short-run financial costs, Lee and Strong (2004) describe four types of knowledge -- knowing what, knowing-how, knowing-why, and knowing-who -- that can impact long-term competitive performance when lost. Knowledge workers capture and apply tacit knowledge, a key to building sustainable competitive advantage (Lubit, 2001; Nahapiet & Ghoshal, 1998; Nissen 2005; Teece, 1998). The Drucker quote reminds us that knowledge workers literally own the means of production and carry knowledge, information, and "know-how" skills in their heads (Lagace, 2007). The social network consequences of their loss are also becoming recognized as key "central connectors," "brokers," and "peripheral players" disappear during downsizings and outsourcing exercises (Parise, Cross & Davenport, 2006). Social networks take time to reemerge and support knowledge sharing (Coleman, 1988). There are also difficult to document costs associated with the loss of critical tacit knowledge held in key individuals because such knowledge is less likely to be mentioned and transferred, and thus can be lost forever (Mohamed, Mynors, Grantham, Walsh, & Chan, 2006). Typical losses occur when talented researchers move to other companies or leave to start their own businesses. When those start-ups become sizable competitors, the costs of that lost knowledge are potentially devastating.

2. Literature Review

KM Success Model

We start with a discussion of how prior research in the area of IS can be built upon to fit the context of KM. Our KM success model uses ideas and constructs from the IS success models described below. Transitioning from IS success to KM success requires the consideration and inclusion of appropriate organizational factors drawn from organizational behavior, economics, and other areas of research. DeLone and McLean compiled a taxonomy of six IS success categories (Infor- mation Quality, System Quality, IS Use, User Satisfaction, Individual Impact, and Organizational Impact) from a comprehensive review of different IS success mea- sures and proposed a model including "temporal and causal" interdependencies be- tween these categories. IS researchers have validated the measures and empirically tested the associations among them . D&M made refinements to their original model based an evaluation of the rich research stream that emanated from their initial model. One significant refinement of D&M's model is presented in Seddon. Seddon argued that D&M combined process and variance models of IS success depending on three distinct meanings that can be attributed to the IS Use measure. One meaning of IS Use, a variable that proxies for the benefits from usey gives rise to a variance model that links information quality and system quality to IS success defined in terms of benefits from IS Use. It is this meaning that is most relevant to our context, as we elaborate later. Based on this meaning, Seddon respecified D&M's model us- ing perceptual measures of net benefits of an IS, namely, Perceived Usefulness and User Satisfaction, as surrogates for IS success (for a diagrammatic representation of the model, see). Rai et al. tested major aspects of Seddon's model in the context of a semi-volitional university student IS and found evidence for supporting the relationship The variables of interest to our current research from Seddon's model are IS Use, Perceived Usefulness, User Satisfaction, Information Quality, and System Quality.

Strategic Knowledge Orientation

An organization’s knowledge strategy is “the overall approach an organization intends to take to align its knowledge resources and capabilities to the intellectual requirements of its strategy” (Zack, 1999, p. 135). Leaders are seen as the best weapon in retaining valued talent (Jamrog, 2004; Taylor, 2004). This includes leadership and performance management systems that clearly establish the importance of knowledge to its operations (Casselman & Samson, 2007; McCann & Buckner, 2004). Accordingly, responsibility and accountability for retaining talent needs to shift from HR and out to the front lines into the hands of leaders, especially immediate supervisors. Knowledge worker retention is enhanced when they see that their top leaders understand, value, and support the development and active management of their intellectual capital through structures, processes, and systems (Edvinsson & Malone, 1997; Sakiya, 1982; Stewart, 1998).

3. Methodology

A cross-sectional pre-experimental research design (Leedy, 1997) was selected for the study. As few empirical studies investigating retention factors for knowledge workers could be found in the literature this study was exploratory in nature. The study was carried out in two phases; the first (qualitative) stage was carried out in order to elicit variables to be used in the questionnaire

in the second (quantitative) phase of the study. This represents a triangulated research design (Leedy, 1997) which blends both qualitative and quantitative data measurement to allow the data to be explored from two perspectives and, in this way, increasing its construct validity. Effective strategies for knowledge workers:

Including effective strategies for knowledge-based workers can be summarized as follows:

1. Strategy salaries, wages and appropriate rewards
2. Strategies for the freedom and independence of working
3. Strategies to support senior managers
4. Participation in business strategy

The following pages describe the key constructs included in the research model (Figure 1).

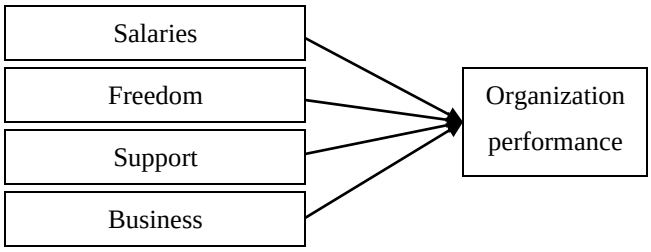

Figure 1: Research model and hypotheses

4. Finding

In this part of the study, collected and summarized data using Lisrel 8.5 software Spss 16 through indicators and descriptive and inferential statistics to analyze the data described above. In the first section, the data collected using descriptive statistics, descriptions and then to create a graceful and acceptable measurement model, confirmatory factor analysis using LISREL software, all of the latent variables do place. Then after checking the normality of data distribution using SPSS The correlation between the dependent and independent variables are examined. At the end of the path analysis, the relationships between the research hypotheses are tested.

Test of normality

Kolmogorov-Smirnov test, Honor Two Russian statistician is called, A simple non-parametric method for determining the statistical distribution of the experimental data assimilation is that it shows the KS Time. The KS test Safari will assume that test, Distribution and the distribution of observations it is clear that the suspect or have evidence that the distribution of the observations are consistent with the specified distribution. The KS test statistic is denoted by Dn. If the test statistic is less critical RW Table accepted the null hypothesis, other wise, we reject it.

Table 1: Test of normality

Variable name	Value and Kolmogorov	Significant quantities
Salaries	1.939	0.001
Freedom	1.322	0.061
Support	1.148	.143
Business	2.685	0.000

a. Test distribution is Normal.

The results of multiple regressions for inferential statistics Used. Before performing this test the assumption of normality of the Kolmogorov-Smirnov test for all variables using it. Because for

almost most significant values greater than 05/0, the null hypothesis was accepted as normal assumption On the other hand, according to the central limit theorem Spss software such data is normally diagnosed.

Test hypotheses

This hypothesis will be tested using linear regression.

The statistical method is especially important in the analysis of causal regression, regression analysis is used to obtain an equation to predict the dependent variable discussed. The possibility of using it to explain the significance of the regression of the independent variables and the dependent variable is the number of simultaneous connections.

In this study, multiple regression analysis of the data is discussed. The purpose of this analysis was to determine the contribution of independent variables in explaining and predicting the variability is. Therefore, if the work of science to explain natural phenomena through the discovery and study of the relationships among the variables we know, in the form of multiple regression method and the effect will be that we will help achieve this propose.

Hypothesis testing:

Table 2: regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
(Constant)	B	Std. Error	Beta	B	Std. Error
	2.399	.224	.253	10.704	0.000
Salaries	.193	.041	.288	4.697	.000
Freedom	.212	.041	.031	5.229	.000
Support	.023	.039	.213	.586	.558
Business	.159	.040		3.950	.000

Dependent Variable: Organization Performance

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5. Discussion & Conclusion

Our study provides clear and substantial support for the value of designing and deploying several KM strategies and practices within the three areas or factors identified: strategic knowledge orientation, learning culture orientation, and HR practices. Perceived successful retention of knowledge workers and financial performance are significantly related with these specific sets of strategies and practices. It is not believed that these strategies and practices are sufficient in themselves to drive retention and performance; the results are significant, but limited. While the sample is composed of uniquely positioned and experienced senior HR professionals, the perceptual basis for their responses always dictates caution. Other strategies and practices certainly exist within the literature and in practice. Here, several specific strategies and practices are identified that in this study are strongly related to each other and are also associated with critical organization outcomes. The results are important for several reasons. First, and most obviously, knowledge worker retention can be improved and their loss is not inevitable. Some organizations believe that they do a better job at this than other organizations. This study identifies the specific KM design strategies and practices associated with those that believe they are doing better. Being provided with relevant and useful knowledge that helps them meet real

performance challenges. They are more likely to stay in an organization that is doing so. Or promoting the role of managers as teachers and mentors through incentives, along with providing the time to play those roles, can prove satisfying and supports their sense of professional accomplishment, a positive retention factor identified in previously noted studies.

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