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Abstract

Purpose: The research determined the influence of knowledge management practices on the performance of insurance firms.

Methodology: A desk study review method was used to deduct the findings regarding the study objective.

Findings: The ability of an organization to innovate, whether through enhanced procedures or enhanced goods and services, is the primary factor that determines whether or not the implementation of knowledge management systems has a positive effect on performance. As a risk management sector, the insurance industry plays a significant part in the economy that is built on services provided by other businesses. The purpose of the study was to investigate the influence that knowledge management strategies have on the operational efficiency of insurance companies. Knowledge management is a strategic activity that an organization engages in to ensure that the knowledge activities contribute to improved performance and profitability. This link between knowledge management and the firm's strategic plans is established through knowledge management, which is a strategic activity of an organization. The insurance sector should make a concerted effort to adopt knowledge management methods because these strategies are a critical component in boosting a company's inventive capacity and, as a result, the company's overall performance. They should also encourage knowledge exchange among employees in order to improve the quality of work, strengthen decision-making skills, and increase problem-solving competences, which would ultimately benefit the firm. According to the findings, techniques for knowledge management are being used as instruments in the insurance industry with the intention of achieving a performance advantage for the purpose of competing with other businesses.

Unique Contribution of Theory, Practice and Policy: The authors expose other problems with the management of knowledge in the insurance industry and recommend that the industry adopt structured knowledge management methodologies as a solution to these problems. They provide this information as a component of their argument. This will enhance their capability to perform well in the business sector and boost the possibility that they will remain relevant in the future.

Keywords: *Knowledge Management Practices, Performance, Profitability, Insurance Industry*

INTRODUCTION

Globalization has, without a shadow of a doubt, turned into an indispensable component of day-to-day operations for the vast majority of enterprises across the globe in the modern day. Many new realities and difficulties have been presented to organizations as a result of the globalization of commercial activities and the more rapid development and spread of technology. These changes have particularly impacted the organizations' ability to compete. According to Sun (2020), the development of successful strategies and the accomplishment of the organization's overall goals are both facilitated by the utilization of knowledge assets, which have an important part to play in the process.

To put it another way, knowledge management is a method of managing knowledge through the creation and distribution of knowledge in an organization, as well as the evaluation of that knowledge. According to Obeidat et al., (2018), knowledge management can be characterized as a structured process that includes actions such as capturing knowledge from individuals to progress business operations as well as the organization's aims and objectives. Since several academics have tried to or are exploring its impact on insurance firms, knowledge management is a broad topic with many diverse definitions. An insurance firms' internal knowledge can be shared and preserved through a variety of methods and practices known as "knowledge management." Each organization's outcome will differ depending on its knowledge management strategy, strategies, and procedures.

In order for a company to effectively grow knowledge within the company, the company needs first monitor and absorb newly acquired knowledge from a variety of sources, and then integrate this knowledge into the knowledge base that the company already possesses. (López-Nicolás & Meroño-Cerdán, 2021). Knowledge management done well can result in the creation of new opportunities, the delivery of high value to customers, the acquisition of competitive advantages, and an overall improvement in the operation of insurance firms (Alipour, 2022).

According to Torres et.al (2018), the influence of knowledge management systems on performance is mostly related to the insurance firms capacity for innovation, which can manifest itself in the form of improved processes, improved products and services, or both. According to Jain and Moreno (2017), one of the most important strategies for insurance firms to enhance their levels of creativity and performance is to raise the quantity and quality of the knowledge that is shared among employees within the company. The exchange of ideas that have been generated by a party causes new insights, which in turn results in new information that promotes the innovation and performance of a process.

As a risk management sector, the insurance industry plays a significant part in the economy that is built on services provided by other businesses. The insurance industry is composed of businesses that provide clients with risk management services in the form of insurance policies. The fundamental idea behind insurance is that one party, the insurer, will guarantee payment for an event in the future that cannot be predicted with certainty. In the meantime, a third person, known as the insured or the policyholder, makes a lesser payment to the insurer in the form of a premium in exchange for protection against an unforeseen event in the future (McIver ad Lepisto, 2017).

Firms that offer life, fire, accident, causality, health, and a variety of other types of insurance are included among the private and public organizations that fall under the category of insurance companies.

Performance in insurance companies is the ability to demonstrate excellent practices in order to achieve a competitive advantage, which is then realized by the customers as benefits through the delivery of superior value, which enhances sales growth. Performance in insurance firms is the ability to exhibit excellent practices in order to achieve a competitive advantage (Sung and Choi, 2022). Greater organizational effectiveness, improved productivity, improved decision making, improved levels of innovativeness, enhanced competitiveness, and improved performance are some of the goals and expected outcomes that can be achieved by insurance businesses with good knowledge management. The differences in performance can be attributed to the fact that individuals have varying degrees of knowledge and varying capacities for applying that knowledge (Giampaoli et.al, 2017). Knowledge and competence have evolved into the primary strategic drivers behind improving performance and achieving a strategic advantage in the marketplace.

Since knowledge is a source of competitive advantage for insurance companies, these companies should recognize the importance of knowledge management and do everything they can to incorporate it into their operations. Due to the fact that an insurance company's primary product is information regarding various policies, it is imperative for the companies to ensure that its personnel are kept abreast of the most recent developments in the industry and that they participate in ongoing training opportunities (Dzenopoljac et.al, 2018). Because of the specialized expertise that exists within insurance companies, these companies are able to delegate particular responsibilities in a variety of sectors to members of their employees in the process of selling their policies. By putting in place knowledge management methods, insurance businesses may increase not only the level of knowledge within the organization but also the level of competence possessed by their workforce.

As a result of the various advantages that arise from employing knowledge management strategies (such as increased competitive advantage and efficiency in performance), there are also some disadvantages. In a knowledge-intensive company like an insurance company, the biggest problem is individual survival instinct. Insurance companies, in comparison to major corporations, have a tendency to practice knowledge management techniques in a different way (Alipour, 2022). Businesses have the resources to implement knowledge management programs. However, for insurance businesses that do not have the same potential, the most important factor is how they handle internal knowledge (Al-Sa'di et.al, 2017).

Previous studies on insurance companies and knowledge management have been conducted in a variety of circumstances. However, there is a lack of understanding of the link between insurance firm performance and knowledge management techniques. The study's goal is to see how knowledge management strategies affect the performance of insurance companies. Insurance firms have a wealth of information about their customers and their products. Managing knowledge within the firm is an important technique to attain this goal of understanding their customers.

LITERATURE REVIEW

Traditional components of production, such as land, water, and energy, have become less relevant as a result of the increasing importance of information (Giampaoli et.al, 2017). Knowledge management strategies are now widely regarded as critical to an organization's success or failure in the knowledge economy because insurance firms have realized the power of knowledge as the most important strategic resource. Knowledge management methods have grown from an emerging notion to an increasingly ubiquitous function in commercial organizations during the past 15 years. Consequently (Del Giudice and Maggioni, 2017).

Various facets of IT-enabled business projects are examined by Sun (2020) in terms of the relationship between knowledge management and performance. Survey data from 212 IT-enabled business projects is used to test the study model. Researchers have found a strong correlation between the amount of business value derived from a project and the degree to which the project manager is able to create knowledge alignment across the IT team, business transformation team, and governance team members. Knowledge management and knowledge alignment have a significant impact on project management goals and business value in IT-enabled initiatives, according to this research.

According to a study by Omotayo (2017), businesses should focus on streamlining their operations, products, and services in order to develop a long-term relationship with their clients. This understanding, however, should be shared across the organization's many departments in order to best serve the organization's clients. Despite their efforts to amass a wealth of information about their clients, the majority of businesses have no idea what to do with it. The value of data is soon lost if it is not managed on a regular basis.

Research by Del Giudice and Maggioni (2017) found that attempts to attribute causality to a single component, such as knowledge management, may be problematic because multiple factors influence the determination of the performance of insurance businesses. Intermediate outcomes can be used to show the effect of knowledge management strategies on organizational performance. Knowledge satisfaction and organizational creativity and innovation are some of the outcomes of this study. They give insight into various facets of a company's operation.

In their study, Zahari et.al. (2017) sought to find out how implementing knowledge sharing can significantly contribute to business success. Organizations can improve their overall performance by implementing a knowledge sharing strategy. The survey was completed by 180 insurance company executives. As a result of the findings, insurance companies should focus on improving their employee knowledge-sharing practices, particularly in the acquisition and management of customer knowledge, in order to better understand their customers and their preferences. Thus, the findings will help managers and decision makers better understand the role of knowledge sharing practices among insurance company employees.

Lee et al (2022) found that knowledge for consumers is communicated from one direction to assist the organization and enable customers to better comprehend the items the organization offers.. A higher level of value can be derived from the existence of this information flow. Customer loyalty increases earnings by keeping existing customers happy and encouraging new ones to join the business. An organization should encourage its employees and partners to share information about its consumers, competitors, and selling techniques in order to develop products and services that are competitive and responsive to customers' requirements. Those in charge of making product-related choices should adopt this knowledge-sharing technique as well.

A study conducted by Alipour (2022) found that in today's dynamic business climate, personnel need to have a thorough understanding of the company's target customers in order to properly satisfy their expectations. Firms that understand their consumers' needs are better able to provide exceptional value to their customers. Shared knowledge is essential because it helps staff better grasp consumers' needs and expectations, which in turn improves their innovation and performance.

Gao et.al (2018) conducted an investigation into effective knowledge management infrastructure and its connection to service quality in the insurance industry. The information was obtained from the various insurance providers. This research establishes, on the basis of the correlation tests that were carried out, that there is a connection between the infrastructure for managing knowledge and a company's financial performance.

The goal of a study conducted by López-Nicolás and Meroo-Cerdán (2021) was to shed light on the effects of knowledge management techniques on the innovation and performance of insurance firms in general. Researchers found that both knowledge management systems (codification and personalisation) directly and indirectly impact on innovation and organizational effectiveness, based on an empirical study that included 310 Spanish firms (through an increase on innovation capability). Findings show that knowledge management strategies have varying effects on several aspects of organizational performance. Academics and business leaders can use their findings to develop more effective, efficient, and profitable knowledge management strategies.

Obeidat et al. (2018) found that customer knowledge includes information about products and services, companies, customers, and the input of rivals for product development and innovation, as well as the communication channels that customers prefer. Customers' demographic data, customer history, contacts, wants, expectations, and purchasing patterns are also included in this information. Data gleaned from complaints, requests, and suggestions submitted by consumers can be used to build customer knowledge. As a result, knowledge exchange inside an organization can help companies focus on the right market segments and establish the right product development and marketing strategies. Collaboration and idea production can be fostered in organizations by sharing knowledge, a strategy that has only lately been created.

While the use of knowledge management strategies is on the rise, standardized assessment approaches for these processes have been slow to catch on (Lee et.al, 2022). For measuring knowledge management processes, there are two distinct viewpoints. Several authors believe that the field of knowledge management practices is not well developed enough to properly quantify possible outcomes of knowledge management practices and link those outcomes to knowledge management practices activities such as knowledge generation and transfer and utilization. (for example Jain and Moreno, 2017). It's also possible to discern a mindset that says any action a company undertakes, especially one requiring significant financial expenditure, must be accompanied by acceptable financial indications that prove the activity's efficacy. But Jain and

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Moreno (2017) stress on the need of monitoring knowledge management methods and provide three reasons for doing so: (1) to give an appraisal basis, (2) to encourage management's focus on what's important, and (3) to justify investments. They claim

When it comes to the management of knowledge, Al-Sa'di et.al (2017) defined it as "a systematic process involving activities that are designed to uncover and produce knowledge from individuals to progress business processes and meet organizational needs." Management of knowledge is a set of techniques and procedures for sharing and conserving knowledge in an organization. The outcome varies from organization to organization depending on the strategy, strategies, and methods of knowledge management. Studying knowledge management in the context of the firm's long-term goals, Omotayo (2017) found that it is an activity that should offer value to the organization, thereby ensuring that the firm's knowledge activities contribute to profitability and strategic advantage. The strategic operations of knowledge management enable a company to make better judgments about the structure of its value chain activities in order to enhance customer satisfaction, as stated by Sung and Choi (2022)

There are four distinct levels of impact on an organization's people, processes, products, and overall performance that have been identified by Durst and Zieba (2019). As a first step, knowledge management can help employees learn in a variety of ways such as internalizing and externalizing, socializing and forming communities of practice, thereby encouraging greater adaptability among employees and increasing their job satisfaction. As a second benefit, knowledge management helps to increase efficiency, effectiveness, and innovation within an organization. As a final consideration, the value-added and knowledge-based products that result from effective knowledge management can be measured. Direct (increases in return on investment – ROI) and indirect (improvements in productivity) are the two types of overall organizational performance benefits that can be attributed to adopting knowledge management (achievement of economies of scale and scope, and generation of SCA).

Organizations with excellent social knowledge management are better equipped to combine knowledge management and business planning processes, according to research by Giampaoli et.al (2017). On top of all that, they may design applications that better meet the company's business requirements while simultaneously introducing novel features ahead of the competition. Social knowledge management resources have been a distinguishing feature of successful companies because they have been able to stimulate a wide range of activities related with the successful implementation of knowledge management. According to Abdi et.al (2018) referenced in Obeidat et al (2018), knowledge management can improve an insurance firms' effectiveness and efficiency as well as its ability to adapt and respond to market changes. A deeper knowledge of the relationship between a company and its customers and stakeholders can also be achieved via the use of this technology (McIver ad Lepisto, 2017).

It has been suggested that knowledge sharing is a process that is carried out through various forms of communication, each of which transmits information to the group members at a certain point in time, place, and format. Additionally, the process of knowledge exchange entails the acquisition, organization, and transmission of information from one individual to another (Yip et.al, 2020). Insurance firms' productivity can be improved by encouraging employees to share their knowledge. Knowledge assets are more valuable than material assets, which deteriorate in value over time since they are constantly being used. The provider retains his or her new thoughts and knowledge, while the recipient grows as a result. If an organization's knowledge-sharing process is efficient, it has the potential to expand its resource pool and improve output. Aside from improving job quality and decision-making and problem-solving abilities, knowledge sharing has other advantages for a business.

Organizational performance was found to be related to knowledge management methods, as well as the ability to learn and adapt to new situations. The data was collected by a mail survey and an internet-based survey, which was more convenient for the respondent. There were a total of 120 replies included in the sample. The partial least squares (PLS) method was used to examine the structural relationships among the variables. The relationship between knowledge management processes and organizational performance is moderated by creative organizational learning and knowledge process skills, demonstrating the relevance of knowledge management processes in organizational performance. Because it examines the connections between knowledge management procedures, knowledge process skills, and organizational results, this study has offered scholars with new insights into the field of knowledge management.

As part of knowledge management, an insurance firms' objectives and goals can be achieved through an organized process that includes discovering, creating, evaluating, sharing, and using information from employees. One of the most important aspects of an insurance firms' strategic activity is ensuring that its knowledge management operations contribute to profitability and increased performance. Increasing customer satisfaction can be achieved by implementing effective tactics for knowledge management while dealing with the provision of insurance services to clients. Competent products and services are created when personnel have a thorough understanding of their consumers' wants and needs, as well as those of their competitors. As a result, information is critical to fostering innovation and, consequently, insurance firms' success.

METHODOLOGY

The research was carried out with consideration given to previous theoretical literature, both that which had been published and that which had not. This study focuses mostly on conducting a literature review, specifically one that examines previous research on knowledge management practices ad insurance firms' performance. The search through the body of literature was carried beginning in 2016 and ending in 2022. This conclusion was reached after doing an in-depth search using a mix of keywords in different databases. The authors conducted basic and advanced searches, respectively, on Google and the other database engines. The phrase "Knowledge management practices ad insurance firms' performance" was what was utilized as the search term when looking through the data. The phrase "Influence of knowledge management practices on the performance of insurance firms" was the subject of the initial search and the Google search that followed. These publications were used for this study in its entirety. The criteria for including the article or report were as follows: the article or report needed to be peer-reviewed; it needed to be written in English; it needed to indicate the purpose of the study; it needed to describe the method that was used; it needed to report the results of the study; and it needed to draw a conclusion. To know the influence of knowledge management practices on the performance of insurance firms, the articles were read several times to obtain a sense of the content.

CONCLUSION

According to the findings of the study, there is a considerable influence on the operational success of insurance sector when measured in terms of equity returns. According to the interpretation, there will be a considerable and positive impact on the return on assets on the revenue, assembly, analysis, and model of knowledge that will be determined by Equity Returns, but there will not be a big and positive effect. The findings lend support to those who argue (Del Giudice and Maggioni, 2017) that organizations that acquire information subconsciously may be able to neglect the loss of their skills and relationships, and that organizations that do not have a knowledge retention strategy continue to lose valuable knowledge. These findings are consistent with those found by Obeidat et.al (2018), who carried out a study to investigate the effects of corporate knowledge management. In the insurance businesses, one hundred twenty-five people who were using the SPSS program were asked questions. According to the findings, professional management helps improve services, which in turn helps build customer loyalty, make better use of resources, boost earnings, and overall improve corporate efficiency. The findings also demonstrated that organizations had fostered the acquisition of new information and improved overall productivity by facilitating activities like the sharing of ideas among employees and providing access to relevant company expertise.

Through the use of quantitative and qualitative data, Muthuveloo et.al (2017) conducted research to evaluate the effectiveness of different acquisition strategies on a young high-tech company's overall performance. According to the findings, there are four distinct ways to obtain knowledge, each of which has a unique impact on how practices for acquiring knowledge and newly acquired information contribute to the development of an organization. The researcher came to the conclusion that the information that was gathered needed to be useful for its purposes, while the accumulation of expertise had a significant impact on the performance of technology companies.

The findings are consistent with the findings that Al-Sa’di et.al (2017) discovered, which investigate the impact that organizational learning and innovation have on the success of organizations. In the course of the research, SEM and moderation analysis were utilized to investigate the data collected from 168 food manufacturers located in Taiwan, Malaysia, and China. According to the findings, a company's age may assist in the development of operating routines that are both more productive and efficient. However, because there is a lack of unified methods, younger companies are struggling with the creativeness that their learning processes require, which necessitates more thought and effort (Giampaoli et.al, 2017).

The findings of this analysis, which demonstrate the age of the insurance company, lend support to the findings of studies carried out by Omotayo (2017) on the impact that the age of a company has on the effectiveness of a company's operations. Their products act as a moderating influence on the correlation between awareness and business success. Investigate the roles that organizations play in thirty selected medium and large-scale organizations, including public sector organizations, private sector organizations, and non-governmental organizations (NGOs). According to the findings, there is a strong connection between the components of knowledge management and performance enhancement activities like corporate decision-making. McIver and Lepisto (2017) conducted research on 204 Chinese companies based in China to investigate how companies' complex know-how has, over the course of time, gained a competitive advantage and impacted their performance. According to the findings of the study, technological advancement is an important factor that moderates the capability of complex organizations to perform.

Knowledge management has been increasingly popular in the insurance sector as a strategy for improving their position as market leaders. In a similar vein, their actions concerning knowledge management have resulted in a substantial impact on their level of performance. Despite this, the insurance firms struggle with a number of obstacles that reduce the effectiveness of the knowledge management projects they undertake. The lack of a sufficient commitment on the part of individual employees to promoting learning and the exchange of information within the companies is the most significant of the challenges. As a result, the insurance firms ought to devise incentives to motivate its workers to learn new things and openly share expertise with one another. These findings provide evidence that knowledge management is an essential component of private enterprises' ability to perform successfully in their respective markets. In addition to this, they argue that one of the most valuable aspects of knowledge management is its human resource.

RECOMMENDATION

According to the conclusions of the review of the relevant literature, the insurance industry ought to adopt knowledge management methods because these strategies are a significant factor in generating increased levels of innovativeness in insurance firms, which in turn improves the performance of the firms. They should also encourage knowledge exchange among insurance firms' employees in order to improve the quality of work, strengthen decision-making skills, and increase problem-solving competences, which would ultimately benefit the firm.

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