KNOWLEDGE MANAGEMENT AND PERFORMANCE OF SELECTED OIL SERVICING COMPANIES IN THE NIGER DELTA REGION OF NIGERIA

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Abstract:
The study is on knowledge management and performance of selected oil servicing companies in the Niger Delta Region of Nigeria. The problem of underutilized knowledge capabilities such as knowledge sharing which positively influence innovation ability and knowledge application which have positive connection with employee commitment; and integrating and utilizing these capabilities towards better business performance in oil servicing companies was the motivating factor for the research. The objectives of the study were basically to determine the effect of knowledge management on performance of oil servicing companies under study and to determine if there is positive the positive connection between knowledge application and employee commitment that influences oil servicing companies business performance. The survey research design was employed for the study. The study employed descriptive survey approach. Primary sources of data are the major instrument used for the study. Simple regression analysis was used to analyze the data. The findings reveal that all the different variables of knowledge management capabilities have a positive influence on oil servicing company’s performance in the Niger Delta. In conclusion knowledge is the key resource needed if the oil servicing companies intends to operate at a level that is equal to no other. Based on the findings; some recommendations were made which include that Oil servicing companies managers and their staff should try to be more innovative by constantly sharing knowledge which will help the oil servicing companies to expand on a regular basis and in turn enhance their performance. Managers and owners of oil servicing companies should endeavor to make use of knowledge application and employee commitment which augment each other so that they can be adapted to rapidly evolving and changing environments for better performance.

Keywords: Knowledge management, performance, Niger delta Region, and Oil Service Companies
Introduction

The twenty first century is the period of knowledge economy, in which a good number of organizations acquire knowledge that enables them to advance their performance. How, the organization improve organizational capabilities to boost internal effectiveness and external competitiveness is a vital issue. (Govil, 2007) highlights, that it is important to understand knowledge management in a broader context. Knowledge management is a course of action by which companies systematize themselves to create value from their intellectual and knowledge-based assets. These assets comprise the intellect and knowledge that has been acquired, created and consolidated by employees, customers and partners over the years working in and with the organization.

This led to the realization that processes and technology alone are not enough to drive an organization but its human force (staff) are very integral pivot in organization's effectiveness. Therefore, in order to control knowledge effectively, concentration must be paid on to the four key components: Knowledge, People, Processes and Technology (Desouza, 2011). Knowledge has broad perspectives consisting of complete set of insights, experiences and procedures that are correct and true and that consequently guide the thought, behaviors and communication of people (Van der spek, R and spijkervet, A, 1997). According to (Wiig, 1993), Knowledge consists of truth and beliefs, perspective and concepts, judgments and expectation, methodologies and know-how.

(Prahalad and Hamel, 1990), define knowledge as core competency which is based on collective learning of organizations. This involves knowing how to coordinate varied operational skills and integrating them with multiple strains of distinctive capabilities. Harish Chandra (Chowdhary, 2005), did a distinctive effort to split the word knowledge into “Know-L-Edge”. According to him the term knowledge in itself consists of three elements: Know, learn and edge. Knowledge in itself is a process of learning to know everything (information) through observation, experience and teaching in order to have competitive edge over others. In essence, the focus of knowledge management is to connect people, processes, and technology for the purpose of leveraging knowledge (Desouza, 2011).

Knowledge is the insights, understandings, and practical know-how that people possess. It is the basic resource that allows people function intelligently. (Epetimehin and Ekundayo, 2011) revealed that knowledge management efforts help organizations to share valuable organizational insights, to reduce redundant work, to avoid reinventing the wheel, to decrease training time for employees, to retain intellectual capital as employees’ in an organization and to acclimatize to changing environments and markets. It is pertinent to know that the selection of a suitable knowledge management strategy not only depends on the type of knowledge to be shared but also on the environment the organization operates in. The management of knowledge has generate significant interest in business and management circles due to its capability to deliver to organizations, strategic results relating to profitability, competitiveness and capacity enhancement (Chua, 2009; Jeon, Kim and Koh, 2011.).

Knowledge and the management of knowledge is regarded as an important features for organizational survival; while the key to understanding the successes and failures of knowledge management within organizations is the detection of resources that allow organizations to recognize, create, transform and distribute knowledge. Organizations that successfully control and transfer their knowledge are more innovative and better effective (Riege, 2007).

Specifically this study is aimed at achieving the following objectives:

1. Ascertain the degree to which knowledge sharing have constructive link with innovation ability in oil servicing companies.
2. Determine the influence between knowledge application and employee commitment in oil servicing companies.
3. Investigate the constructive influence between knowledge integration and internal business Process effectiveness in oil servicing companies.
Research Questions
1. To what depth does knowledge sharing have constructive link with innovative ability in oil servicing companies?
2. How does knowledge application influence employee commitment in the oil servicing companies effectiveness?
3. To what extent does knowledge integration have a constructive influence on internal business Process effectiveness on the oil servicing companies?

Research Hypotheses
H1: Knowledge sharing has positive constructive link with innovation ability in oil servicing companies.
H2: Knowledge application has a positive influence on employee commitment in oil servicing companies.
H3: Knowledge integration has a positive constructive influence on internal business process effectiveness in oil servicing companies.

Review of Related Literature
Conceptual Review
The nature of knowledge management draws upon a vast number of varied fields such as: Organizational science, Cognitive science, Linguistics and computational linguistics, Information technologies such as knowledge-based systems, document and information management, electronic performance support systems, and database technologies, Information and library science, Technical writing and journalism, Anthropology and sociology, Education and training, Storytelling and communication studies, Collaborative technologies such as Computer-Supported Collaborative Work (CSCW) and groupware as well as intranets, extranets, portals, and added web technologies. The above is by no way an exhaustive list but serves to demonstrate the exceedingly diverse roots that knowledge management grew out of and continues to be based upon today.

The multidisciplinary nature of knowledge management represents a double-edged sword: on the one hand, it is an advantage as almost anybody can discover a recognizable basis upon which to base an understanding and even practice of knowledge management. The different meaning given to knowledge management. Knowledge management was originally defined as the procedure of applying a methodical approach to the capture, structuring, management, and dissemination of knowledge throughout an organization to work faster, recycle best practices, and decrease expensive modification from project to project (Nonaka and Takeuchi, 1995; Pasternack and Viscio 1998; Pfeffer and Sutton, 1999; Ruggles and Holtshouse, 1999). (Malhotra, 1997) describes “Knowledge Management to cater for the vital issue of organizational adaptation, continued existence and competency in face of increasingly discontinuous environmental change.

Knowledge management is concerned with emergent and cultivating systems that enable companies to detect, leverage, distribute and improve their knowledge assets. Knowledge management consist of the following ‘steps’: knowledge formation, sharing, adaptation, application and new knowledge creation (Meese and McMahon, 2012).

(Nickols, 2000) summarizes “the major aim of knowledge management is to leverage knowledge to the organization's advantage.” Knowledge management has widely been accepted for the smooth and successful operations of all kinds of service companies. Knowledge has become one of the most critical driving forces for effective service industry in Nigeria. Many firms are exploring the field of knowledge management (KM) in order to advance and sustain their competitive advantage.

Knowledge management (KM) create a new operational spot where tacit knowledge and experiences can easily be generate and share, leading to an increase in the usefulness of the service industry in Nigeria, as discovered by research such as (Orlikowski, 1994) (Star and Bowker, 1994), and (Nardi and O'Day, 1999) “using knowledge management require you first comprehend the business need, with the notion that an
organization's strategy should channel the planning for knowledge management, as it is the most significant framework for guiding knowledge management of the firm's strategy.” Understanding the links between organization strategy and knowledge management is by no means direct.

Organizational performance reflects the capability of a company to fulfill its stakeholders’ requirements and survive in the market (Griffin, 2003). It also known as the outcome of the actions or activities carried out by the members of organization to measure how well an organization has accomplished its objectives (Ho, 2008; Chung & Lo, 2007). Organizational performance have been the most imperative issue for every organization, be it a profit or non-profit one (Ismael, Yusof & Davoud, 2010). The notion of performance embraces a far wider dimension of interpretations of financial measures and nonfinancial measures (Lebans & Euske, 2006). Organizational performance have been mostly assessed through financial based performance measures. The financial measures are return on assets (ROA), return on investments (ROI), return on equity (ROE), market share, sales growth, and profitability.

Despite the fact that these indicators are still the ultimate aim of most organizations’ operation, but measuring performance solely on these indicators are no longer adequate to measure competencies that contemporary organizations are looking for (Gomes, Yasin, & Libsboa, 2004; Kaplan & Norton, 1992). Moreover, the non-financial performance measures offers information on the degree of achievement of objectives and results and is more helpful on predicting future performance and facilitating the performance of the companies (Crabtree & DeBusk, 2008).

The non-financial performance measures assess the intangible payback such as customer contentment, worker commitment, innovation capability, internal business process effectiveness, and service delivery effectiveness from intangible assets (Kaplan & Norton, 2001). This include the integration of systems, operations, process, people, clients, partners and management (Jyoti & Sharma, 2012). Furthermore, the non-financial performance measures are more helpful on forecasting future performance and facilitating the performance of the companies (Crabtree & DeBusk, 2008). For the purpose of this study, the researcher tend to employ the non-financial performance indicators to measure organizational performance (Kaplan & Norton, 1992; Chow & Van der Stede, 2006; Kihn, 2010).

**Theoretical Framework**

This research is anchored on the knowledge-based view (KBV) of the firm by (Grant, 1996). The KBV of the firm theory considers knowledge as the most significant strategic resource and, in that sense, this point of view is an expansion of the Resource-Based View (RBV) of the firm theory (De Carolis, 2002). The KBV of the firm theory is an expansion of the RBV of the firm theory as it considers that firms are heterogeneous entities loaded with knowledge (Hoskisson et al., 1999). The resource base of the organization increasingly consists of knowledge-based resources (Roos et al., 1997; Stewart, 1997; Sveiby, 2001b; Marr, 2004). The logic of the KBV of the firm theory suggests that exclusive distinctiveness of the intangible resources (especially knowledge) should decide the focus of organization research (Rouse and Daellenbach, 2002). Knowledge resources are mostly imperative to guarantee that competitive advantages are sustainable, as these resources are hard to imitate; they are the foundation for sustainable demarcation (Wiklund and Shepherd, 2003).

According to (Grant, 2002), the key input of the knowledge-based approach is in offering understanding of the procedure in which knowledge inputs are transformed into goods and services and the function of the company in this process. (Grant 1996; Decarolis and Deeds 1999), these researchers recognize four main streams and it includes knowledge sourcing, internal transfer, external transfer, and integration of knowledge which considers knowledge as the most strategically significant resource of a firm. Its proponents disagree that since knowledge-based resources are usually complex to reproduce and socially complex, heterogeneous knowledge bases and capabilities among firms are the main determinants of sustained competitive advantage and superior organizational performance.
Empirical Review

A number of studies have been carried out to explore the effect of knowledge management on performance of oil servicing companies in the Niger Delta Region of Nigeria.

William, Newk-Fon Hey Tow et al., (2012) carried out a study surrounding that particular knowledge management process called knowledge identification. A survey method was used & questionnaire sent to 973 Australian organizations to investigate their knowledge identification practices. The survey findings demonstrate that while companies do perceive knowledge identification to be important, the practice of knowledge identification has not reached mainstream adoption yet. The survey findings also disclose two opposing approaches companies take in practicing knowledge identification: Proactive Knowledge Identification and Reactive Knowledge Identification.

Ehsan Bokharaeian & Naser Safari Joybari (2013). investigate the relationship between organizational culture and clients' satisfaction in Iranian banking industry which is quite a fresh topic of this kind. Another unique feature of this study is the employment of Dennison's Model to examine organizational culture and the use of Servqual's Model to explore customers' satisfaction; which are among the latest and most effective models for understanding organizational culture and clients' satisfaction. In addition, the structure of organizational culture model is competent of covering different aspects of organizational culture on one hand, and investigating how culture is connected to the organization's outputs, on the other. The present study examined the relationship between organizational culture and clients' satisfaction based on the four dimensions of organizational participation, adaptability, compatibility, and mission. The population under study consisted of staff and clients of Tier I and II bank branches in the districts 2,3,6 and 12 of Tehran. This survey study pursues a functional goal and employs a descriptive-correlational method via questionnaire to collect the needed data. The findings of the Spearman Correlation Test showed that there is a positive and important connection linking organizational culture and clients' satisfaction.

Adekunle, Abiodun Idris et al (2013). Investigated the significant function of information technology in service delivery effectiveness and firm performance in selected insurance companies in Nigeria. Specifically, three hypotheses were tested. They are to determine whether: (i) clients are not aware of the availability of IT facilities in their dealings with the Nigerian insurance companies; (ii) the use of IT does not boost the performance effectiveness of insurance organizations in Nigeria; and (iii) providing quality service delivery will not enhance organizational performance of insurance companies. The survey research design for the study was a cross examination. The study sample comprises of 112 participants made up of IT managers, marketing managers, and underwriting managers drawn from 25 insurance organizations which were randomly chosen from the directory of member organizations. One-sample T-test and simple frequency percentage tables were used for data analysis. The study discovered that most clients barely employ on-line services in their engagement with the Nigerian insurance organizations even with the level of awareness created which depicts a low level business relationship. Thus, numerous of the insurance companies showed that they experienced high performance effectiveness in their investment in and adoption of information technology. This study recommend that insurance administrators and regulators at all levels should collect pertinent information as regards factors that may help in contributing significantly to the usefulness of IT in effective service delivery. They must also undertake optimal investment in IT, provide quality service delivery to clients and regularly evaluate IT usage in every department of insurance companies in Nigeria in order to take appropriate strategic decisions capable of enhancing firm performance.

Laban Chweya et al. (2014). Research was to analyze the effects of knowledge management practices on commercial banks' performance in Kisumu city in Kenya. Specifically the research sought to establish the degree of knowledge creation; knowledge sharing; knowledge acquisition, level of organizational performance and determine the association between organizational performance and knowledge creation; knowledge sharing and knowledge acquisition in commercial banks in Kisumu city. The target population was 20 commercial banks operating within Kisumu City with a sampling frame of branch managers and operational managers. Data was collected by use of questionnaire and analyzed by descriptive statistics and Multiple Regression and Pearson's
Correlation analysis were used to test the hypotheses. The study shows there is significant association between knowledge creation and organizational performance. A significant positive relationship is also found to exist between organizational performance and knowledge sharing.

Renata Winkler & Renata Winkler (2015). Considered knowledge application as the most strategic resource of organizations. The literature on the subject often raises the issues of commitment. The purpose of the study was to discuss the associations between knowledge application and employee commitment. The study presents the stages of knowledge management and describes the category of commitment, taking account of several criteria. In the opinion of the authors, from the point of view of knowledge application particular significance can be attained in the way qualifications, skills, predispositions and knowledge of employees will be used, which, in turn, depends on "quality" of their commitment (its type, intensity, dimension and direction) in achieving organizational goals. Primary data was collected from 370 managers. Simple random sampling process was used for the selection of respondents. Questionnaire was administered to collect Primary data. knowledge management and employee commitment were taken as dependent and independent variables respectively. Analysis of data was carried out by applying SPSS 20. Correlation and regression analysis tests were carried out to establish link between employee commitment and knowledge application, and also to find out the predictor of organizational performance. The study showed a high level of correlation between employee commitment and its factors and knowledge application. Regression analysis confirmed that employee commitment is predictor of organizational performance. This study has great value for the managers and academicians as it will help them in designing an integrated and comprehensive system for creating commitment among the employees for improving performance of organization.

This study intend to fill the gap in the literature from the scope of coverage, measurement parameters and controversies raised from previous empirical studies. Empirical evidence had shown that studies on knowledge management concentrated on large firms and neglecting its application in oil servicing companies which has resulted in failure rate. Studies also established that the practice of knowledge management in Nigeria is low with dearth of research in that area. It was noted that previous studies did not use the same variables to create effect on performance neither did they use the same theory. This thesis therefore, establishes the gap that no previous studies were carried out on knowledge management and performance of oil servicing companies at least in Nigeria.

Methodology
Research Design
This study employs descriptive survey approach. The survey method is ideal in finding out the relationship between knowledge management and performance of selected oil servicing companies in the Niger Delta region of Nigeria.

Population of the Study
The Population for the research consists of 1500 employees from selected oil servicing companies in the Niger Delta region of Nigeria which are Sea Trucks Group Int, Radial oil support services Nig ltd, Arco marine and oilfield services Ltd, COMA Industries Ltd and Four star Marine Inc.

Sample Size
The sample size can be statistically determined using the Taro Yamane formula.

\[ n = \frac{N}{1 + N (e)^2} \]

Method of Data Collection
The research Data was collected from primary sources, The primary data used was questionnaire. The questions in the questionnaire are scaled from 1 to 5. 1 represent the lower end (strongly disagree) and 5 represent the upper end (strongly agree). The results of the questionnaire was inputted into the SPSS version 23.
Reliability of the Instrument
Reliability Test
This was done using Spearman Rank Order Correlation Coefficient through a method known as test - retest. The questionnaire instrument gave an average coefficient of 0.85 percent & 0.89 which was considered adequate for the study.

Validity of the Instrument
The study followed the departmental guideline in writing this work, after which the supervisor read through and offered valuable corrections which were effected by the researcher. The study therefore adapted construct validity and content validity to validate the research instrument.

Data Analysis
Test of Hypotheses

Test of Hypothesis One

\[ H_0: \text{Knowledge sharing has no positive constructive link with innovation ability in oil servicing companies} \]

\[ H_1: \text{Knowledge sharing has positive constructive link with innovation ability in oil servicing companies} \]

Model Summary

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<th>R</th>
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<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Durbin-Watson</th>
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a. Predictors: (Constant), Knowledge sharing
b. Dependent Variable: Innovation ability

ANOVA

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<th>Mean Square</th>
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a. Dependent Variable: Innovation ability
b. Predictors: (Constant), Knowledge sharing

Coefficients

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a. Dependent Variable: Innovation ability

Test of Hypothesis Two

\[ H_0: \text{Knowledge application has no positive influence on employee commitment in oil servicing companies} \]

\[ H_1: \text{Knowledge application has a positive influence on employee commitment in oil servicing companies} \]

Model Summary

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<table>
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a. Predictors: (Constant), Knowledge Application  
b. Dependent Variable: Employee commitment

ANOVA*

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a. Dependent Variable: Employee commitment  
b. Predictors: (Constant), Knowledge Application

Coefficients*

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a. Dependent Variable: Employee commitment

Test of Hypothesis Three

H₀: Knowledge integration has no positive constructive influence on internal business process effectiveness in oil servicing companies  
H₁: Knowledge integration has a positive constructive influence on internal business process effectiveness in oil servicing companies

Model Summary*

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a. Predictors: (Constant), Knowledge Integration  
b. Dependent Variable: Internal business process effectiveness

ANOVA*

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a. Dependent Variable: Internal business process effectiveness  
b. Predictors: (Constant), Knowledge Integration

Coefficients*

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<th>Model</th>
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Discussion of Results

The knowledge sharing coefficient of 0.948 indicates a positive significance between knowledge sharing and innovation ability, which is statistically significant (with t = 2.440). Therefore, the null hypothesis should be rejected and the alternative hypothesis accordingly accepted. Thus knowledge sharing has a positive constructive relationship with innovation ability in oil servicing companies. The knowledge application coefficient of 0.933 indicates a positive significance between knowledge application and employee commitment, which is statistically significant (with t = 4.527). Therefore, the null hypothesis should be rejected and the alternative hypothesis accordingly accepted. Thus knowledge application has a positive influence on employee commitment in oil servicing companies. The knowledge integration coefficient of 0.903 indicates a positive significance between knowledge integration and internal business process effectiveness, which is statistically significant (with t = 13.174). Therefore, the null hypothesis should be rejected and the alternative hypothesis accordingly accepted. Thus knowledge integration has a positive constructive influence on internal business process effectiveness in oil servicing companies.

Conclusion and Recommendations

This study analyzed knowledge management and performance of selected oil servicing companies in the Niger Delta Region of Nigeria and conclude that knowledge sharing has a positive constructive link with innovation ability in oil servicing companies. Furthermore, the role of knowledge application is notably robust and has a positive influence on employee commitment. In addition, the study equally observe that knowledge integration has a positive constructive influence on internal business process effectiveness in oil servicing companies. Equally, to promote meaningful service offerings information technology capability positively influence service delivery effectiveness in oil servicing companies.

Thus, this study submits that the practitioners, oil servicing companies owners and their managers can successfully improve their business performance by exploiting their knowledge application and employee commitment. A successful business performance is expected to generate more revenue for the oil servicing companies and hence, their profitability and survival in Nigeria's challenging economic circumstances.

Based on the findings, some recommendations were made which include that Oil servicing companies managers and their staff should try to be more innovative by constantly sharing knowledge which will help the oil servicing companies to expand on a regular basis and in turn enhance their performance. Managers and owners of oil servicing companies should endeavor to make use of knowledge application and employee commitment which augment each other so that they can be adapted to rapidly evolving and changing environments for better performance.

Graph

Knowledge Sharing

Knowledge Application

Knowledge Integration

Business Performance
References


