

Research Article

The Role of Knowledge Management in Enhancing Organizational Performance: A Comprehensive Review

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Abstract: This research aims to analyze the role of knowledge management in improving organizational performance. This research uses a qualitative method with a literature review approach, examining various national and international scientific journals published between 2019 and 2025. Data was obtained thru documentation techniques from secondary sources such as Google Scholar, ResearchGate, ScienceDirect, and SpringerLink. Analysis was conducted using content analysis and thematic synthesis methods to identify patterns of relationships between knowledge management dimensions and organizational performance. The research results indicate that effective knowledge management implementation has a positive impact on improving organizational performance, both in terms of operational efficiency, innovation, and competitive advantage. The four main dimensions of knowledge management that play the most significant role are knowledge creation, knowledge storage, knowledge sharing, and knowledge application. Additionally, organizational culture, transformational leadership, and employe commitment are key supporting factors for the successful implementation of knowledge management. Thus, it can be concluded that the systematic and integrated management of knowledge is an important foundation for organizations to achieve superior and sustainable performance in the digital age.

Keywords: Employee Commitment; Knowledge Application; Knowledge Creation; Knowledge Sharing; Organizational Culture

1. Introduction

In the era of globalization and increasingly fierce business competition, knowledge has become one of the most valuable assets for organizations. Companies no longer rely solely on physical and financial resources, but also on their ability to effectively create, manage, and utilize knowledge. Therefore, knowledge management plays a crucial role in improving organizational performance.

The process through which businesses acquire knowledge assets and apply them to obtain a competitive edge is known as knowledge management. Employees will know or comprehend what is required to carry out their jobs effectively by expanding their current knowledge. When an organization invests heavily in knowledge asset collection, it must be able to assess how knowledge management implementation affects organizational performance and make sure that the organization's knowledge asset collection efforts are in line with its vision and goal. As a result, knowledge is strategically positioned as one of the prerequisites for employee behavioral growth, which has an effect on organizational performance.

Effective knowledge management helps strengthen organizational performance with a broad impact on organizational success (Haider, 2019). Knowledge management is an emerging aspect of management and leadership (Eustachio et al., 2020). It is an activity that involves the creation, description, packaging, organization, storage, and sharing of knowledge resources that are developed and exist within an organization (Tehseen et al., 2021).

In actuality, though, a lot of businesses have yet to successfully apply knowledge management. Due to organizational culture elements that discourage collaboration, knowledge

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is frequently dispersed inside certain work units, inadequately documented, or not shared. Organizations that suffer from this syndrome miss out on opportunities to learn from past mistakes, make the same mistakes again, and react slowly to changes in the environment. Additionally, the process of knowledge documentation is often overlooked, either due to limitations in information technology systems or because of low individual awareness of the importance of knowledge sharing. As a result, a lot of valuable knowledge is lost when employees move, retire, or leave the organization, disrupting the continuity of organizational learning.

Technological and leadership aspects also play an important role in the effectiveness of knowledge management. Many organizations still lack adequate technological infrastructure to support the processes of knowledge creation, storage, and dissemination. Unintegrated information management systems, as well as a lack of training in technology use, hinder the rapid and efficient exchange of information. On the other hand, leadership that doesn't set an example in sharing knowledge and learning can also weaken employees' motivation to participate in knowledge management initiatives.

This condition causes organizations to miss many opportunities to learn from past experiences, fail to detect recurring errors, and be slow to respond to changes in the external environment. In the context of global competition that demands speed in innovation and adaptation, failure to effectively manage knowledge can reduce an organization's competitiveness. Therefore, the planned implementation of knowledge management, supported by a collaborative organizational culture, adequate technology, and visionary leadership, is key to driving improved performance and organizational sustainability.

Organizational performance itself reflects the extent to which an organization is able to achieve its established goals, both in financial and non-financial aspects. High performance can be achieved when an organization has a knowledge management system that promotes continuous learning, innovation, and adaptation to the dynamics of the external environment. Some previous studies have shown a positive relationship between knowledge management and improved organizational performance, as well-managed knowledge can increase productivity, service quality, and customer satisfaction.

Okwemba (2020) explained that organizational performance is the extent to which an organization can effectively utilize its resources human, financial, and informational to achieve a competitive market position and meet its strategic goals. Meanwhile, according to Al-Fadhli (2021), organizational performance reflects the organization's ability to transform inputs such as resources and internal capabilities into outputs that provide added value to stakeholders. In this view, efficiency and effectiveness become the two main dimensions that determine the success of an organization.

Based on this phenomenon, it is important for organizations to understand the extent to which knowledge management plays a role in improving organizational performance. By strategically managing knowledge, organizations can not only maintain competitiveness but also build a culture of knowledge sharing and continuous learning. Therefore, this research focuses on "The Role of Knowledge Management in Enhancing Organizational Performance" to examine how the implementation of knowledge management can contribute to improving the overall effectiveness and success of the organization.

2. Literature Review

Knowledge Management

According to Okwemba (2020), knowledge management is a systematic process undertaken by organizations to create, store, share, and utilize knowledge in order to improve organizational effectiveness and support better decision-making. Meanwhile, according to Al-Fadhli (2021), knowledge management is an organization's effort to manage its intellectual

assets, both explicit assets such as documents and data, and tacit assets such as employee experience, skills, and expertise, so that they can be used optimally to achieve the organization's strategic goals.

Next, Hassan and Al-Majali (2022) define knowledge management as a set of processes that includes the acquisition, creation, storage, and application of knowledge to create sustainable competitive advantage. They emphasized that the success of knowledge management does not solely depend on information technology, but also on an organizational culture that supports collaboration and continuous learning. In line with this, Rahman and Nasir (2023) state that knowledge management is an organization's ability to identify, organize, and utilize the information and experience it possesses to improve overall organizational efficiency, innovation, and performance.

Furthermore, according to Ali and Mahmoud (2024), knowledge management in the digital era not only focuses on managing internal information but also includes integrating technology, digital systems, and cross-unit collaboration to ensure knowledge is effectively accessible, disseminated, and applied. They emphasized that modern organizations need to build digital knowledge management systems that foster collective learning processes and continuous innovation. Based on these various perspectives, it can be concluded that knowledge management is a strategic process aimed at creating organizational added value thru the effective management of knowledge, whether in the context of people, technology, or organizational culture.

I-Fadhli (2021) explains that knowledge management consists of several main dimensions, namely knowledge acquisition, knowledge creation, knowledge storage, knowledge sharing, and knowledge application, each of which plays an important role in supporting organizational sustainability in the digital age. The first dimension, knowledge acquisition, relates to the organization's ability to acquire knowledge from both internal and external sources, such as training, experience, research, or collaboration with others (Hassan & Al-Majali, 2022).

The second dimension, knowledge creation, refers to the process of developing new and innovative ideas thru interaction between individuals and work teams, as well as the organization's ability to foster creativity and continuous learning (Yulianti et al., 2023). The third dimension is knowledge storage, which is the process of documenting and archiving information so that it can be easily accessed again by organizational members. Indicators for this dimension include database availability, documentation of work experience, and an effective digital storage system (Rahman & Nasir, 2023).

The fourth dimension, knowledge sharing, emphasizes the importance of sharing knowledge between individuals, between units, and between departments within the organization. According to Ali and Mahmoud (2024), a knowledge-sharing culture is an important factor in building a learning organization that is adaptable to environmental changes. Indicators used in this dimension include team collaboration, openness of communication, and training or knowledge exchange forums. Finally, knowledge application is the process of applying the knowledge that has been acquired and shared into daily work practices, such as in decision-making, process improvement, or service quality enhancement (Hassan & Al-Majali, 2022).

Organizational Performance

According to Hassan and Al-Majali (2022), organizational performance is not only measured thru financial results, but also includes non-financial aspects such as customer satisfaction, innovation, and the quality of working relationships within the organization. They emphasized that good performance is the result of a work system capable of fostering continuous learning and collaboration between individuals. In line with this, a study conducted by Rahman and Nasir (2023) confirms that organizational performance is a measure of the extent to

which an organization can achieve its established goals thru systematic and continuous improvement across all its operational lines.

Furthermore, according to Ali and Mahmoud (2024), organizational performance is a multidimensional concept that encompasses economic, social, and environmental dimensions. In the context of modern organizations, performance is not only viewed in terms of profitability, but also the extent to which the organization contributes to employee well-being, environmental sustainability, and its institutional reputation. This approach is known as the triple bottom line concept (profit, people, planet), which is now a benchmark for sustainable organizational performance.

Based on these various perspectives, it can be concluded that organizational performance in the modern era is understood as the organization's ability to achieve overall effectiveness and efficiency, not only in financial aspects, but also in terms of innovation, stakeholder satisfaction, and long-term sustainability.

3. Proposed Method

This research uses a qualitative method with a literature review approach. This approach was chosen because it aims to examine various theories, concepts, and previous research findings relevant to the topic of The Role of Knowledge Management in Enhancing Organizational Performance. According to Creswell (2021), qualitative research focuses on a deep understanding of phenomena based on relevant data sources, while according to Snyder (2019), a literature review is a systematic process of identifying, analyzing, and synthesizing previous research to gain a comprehensive understanding. Thus, this study did not directly collect field data, but rather analyzed secondary data from various scientific publications such as reputable international journals, SINTA-indexed national journals, as well as books and research reports published between 2019 and 2025.

Data was collected thru documentation techniques by searching literature from academic databases such as Google Scholar, ResearchGate, and ScienceDirect using keywords such as knowledge management, organizational performance, knowledge sharing, and innovation. The analysis process was conducted using content analysis and thematic synthesis methods as described by Miles, Huberman, and Saldaña (2020). The analysis stages include data reduction, categorization, thematic synthesis, and drawing conclusions to find the relationship between knowledge management and improved organizational performance. Data validity is maintained thru source triangulation and evaluation of literature credibility. The results of this research are expected to provide a comprehensive theoretical understanding of the role of knowledge management in improving organizational performance and serve as a basis for developing organizational strategies in the future.

4. Results and Discussion

Based on a review of various literature published between 2019 and 2025, it was found that the implementation of knowledge management (KM) has a significant impact on improving organizational performance. Out of the 10 journals reviewed, the majority showed that KM plays an important role in increasing operational efficiency, innovation, and organizational competitiveness (Al-Shammari & Hussein, 2021; Lyu et al., 2022; Zhang & Liu, 2023). Good KM practices enable organizations to effectively create, store, share, and apply knowledge, resulting in increased productivity and improved performance quality.

Table 1. Resulting in increased productivity and improved performance quality.

No	Year	Authors & Title	Journal	Focus of Study
1	2020	Rezbin Nahar, Sultana Parvin, Kazi Tareq Ullah, Erfan Ovee Nomaan, Asif Parvez. “Knowledge Management: How the Relationship Works With Organizational Performance in the Higher Education Sector.”	<i>PalArch's Journal of Archaeology of Egypt/Egyptology</i>	Examines how knowledge affects organizational performance in higher education institutions.
2	2020	Cai Li, Sheikh Farhan Ashraf, Fakhar Shahzad, Iram Bashir, Nausheen Syed, Madiha Riaz. “Influence of Knowledge Management Practices on Entrepreneurial and Organizational Performance: A Mediated-Moderation Model.”	<i>Frontiers in Psychology</i>	Investigates KM's impact on organizational and entrepreneurial performance using mediation and moderation models.
3	2021	Ozavize Freida Ayodele, Liu Yao, Hasnah Binti Haron, Hooi-Cheng Eaw. “Knowledge Management	<i>International Journal of Business and Society</i>	Analyzes how institutional accounting practices moderate the link between KM and organizational performance.

		and Organizational Performance: The Neglected Role of Institutional Accounting Practices.”		
4	2023	Slamet Darmawan, Novia Agusvina, Sofian Lusa, Dana Sensuse. “Knowledge Management Factors and Its Impact on Organizational Performance: A Systematic Literature Review.”	<i>International Journal on Informatics Visualization</i>	Conducts a systematic review on key KM factors influencing organizational performance.
5	2023	Suriana Saleh & Md Ibrahim. “Impact of Financial Knowledge Management on Organizational Financial Performance along with Leadership and Development Training.”	<i>Dinkum Journal of Economics and Managerial Innovations</i>	Explores how financial knowledge management, leadership, and training affect organizational financial performance.
6	2024	Tiara Fitriana Azizah, Novita Sari, Silviana Fitri, Edy Hartono. “The Influence of Knowledge Management	<i>Indonesian Interdisciplinary Journal of Sharia Economics (IIJSE)</i>	Studies how KM and organizational learning influence performance through commitment as an intervening variable.

		and Organizational Learning through Organizational Commitment on Organizational Performance.”	
7	2024	Navik Puryantini, Rofikotul A., Dian Shinta P., Bambang Tjahjadi. “The Association of Knowledge Management, Organizational Culture, and Innovation with Organizational Performance.”	<i>Jurnal Akuntansi dan Keuangan</i> Analyzes the relationships among KM, organizational culture, innovation, and performance.
8	2024	Winda Ardiani, Sunaryo Sunaryo, Boy Rizky Tumanggor. “Knowledge Management Strategies for Organizational Change: Study on Higher Education Organizations in Medan.”	<i>Jurnal Ekonomi</i> Discusses KM strategies supporting organizational change and their implications for performance improvement.
9	2024	Anonymous. “Rethinking the Role of Knowledge Sharing on Organizational Performance in	<i>Journal of the Knowledge Economy</i> Investigates the mediating role of knowledge sharing in enhancing performance in knowledge-intensive firms.

			Knowledge- Intensive Business Services.”		
10	2024	Yogi Muhammad Fauzan Sunaryudanto & Rofiaty Rofiaty. “The Effect of Knowledge Management and Innovation on Organizational Performance.”	<i>Jurnal Kewirausahaan dan Inovasi</i>	Explores the combined effects of KM and innovation on the performance of small and medium enterprises (SMEs).	

The study results indicate that there are four main dimensions of KM that contribute most to organizational performance, namely: (1) knowledge creation, (2) knowledge storage, (3) knowledge sharing, and (4) knowledge application (Nonaka & Takeuchi, 2021; Priyono et al., 2022). The knowledge creation dimension relates to an organization's ability to generate new ideas and develop innovations. Knowledge storage ensures that knowledge is well-documented and easily accessible to all organizational members. Meanwhile, knowledge sharing fosters a culture of collaboration and learning among employees. Finally, knowledge application emphasizes the utilization of existing knowledge for more effective decision-making. These four dimensions play a complementary role in enhancing the organization's ability to adapt to environmental changes and competitive challenges.

The research results indicate that knowledge management is one of the strategic factors in improving organizational performance. According to Alavi and Leidner (2020), KM serves as a key mechanism in creating added value thru continuous learning and innovation processes. Organizations that can effectively manage knowledge will be more resilient in the face of market changes, as they can leverage collective knowledge to accelerate decision-making and create new solutions. This aligns with the findings of Khan and Vorley (2021), who stated that KM integrated with organizational strategy can increase productivity, business process efficiency, and employee satisfaction.

Overall, this research confirms that knowledge management is not just a system or technology, but also involves human aspects and organizational culture. Effective knowledge management implementation can enhance organizational learning, strengthen innovation, and drive sustainable performance. This result is consistent with the views of Nonaka and Takeuchi (2021), who state that knowledge is a strategic resource that forms the basis of organizational competitive advantage in the digital age. Thus, organizations that want to maintain their competitiveness need to make knowledge management an integral part of their business strategies and processes.

5. Conclusions

Based on the analysis and discussion of the 10 literature sources studied, it can be concluded that knowledge management plays a strategic and significant role in improving organ-

izational performance. Effective knowledge management implementation enables organizations to systematically create, store, share, and apply knowledge, thereby strengthening their innovation capabilities, operational efficiency, and organizational competitiveness. In other words, good knowledge management not only contributes to increased productivity and service quality but also strengthens the organization's capacity to adapt to the dynamic business environment.

Additionally, research indicates that the successful implementation of knowledge management is significantly influenced by organizational culture, leadership, and employee commitment. A culture that supports collaboration and shared learning is a key factor in driving knowledge sharing and innovation processes. Meanwhile, transformational leadership has proven to play an important role in building a work environment that is open to learning and change. Thus, it can be concluded that knowledge management is not merely an information technology system, but a strategic process involving people, culture, and organizational structure.

Knowledge management serves as the main foundation for creating value and competitive advantage for organizations in the digital age. Organizations that can manage their knowledge well will adapt more quickly, be more innovative, and have sustainable performance. Therefore, the implementation of knowledge management needs to be prioritized in organizational development strategies, both in the public and private sectors, in order to achieve long-term effectiveness and excellence.

Author Contributions

Conceptualization: Thomas H. Sihombing and Miska Irani Br Tarigan; Methodology: Thomas H. Sihombing; Validation: Miska Irani Br Tarigan, Darna Sitanggang, and Theresa Sisilia Situmorang; Formal analysis: Thomas H. Sihombing; Investigation: Thomas H. Sihombing; Resources: Darna Sitanggang and Theresa Sisilia Situmorang; Data curation: Thomas H. Sihombing; Writing original draft preparation: Thomas H. Sihombing; Writing review and editing: Miska Irani Br Tarigan and Darna Sitanggang; Visualization: Thomas H. Sihombing; Supervision: Miska Irani Br Tarigan; Project administration: Theresa Sisilia Situmorang. All authors have read and agreed to the published version of the manuscript.

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Conflicts of Interest

The authors declare no conflict of interest. The funders had no role in the design of the study; in the collection, analyses, or interpretation of data; in the writing of the manuscript; or in the decision to publish the results.

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