KNOWLEDGE SHARING AND STRATEGIC RISK TOLERANCE IN THE BANKING SECTOR

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Abstract
The purpose of this paper is to examine the concept of knowledge sharing and strategic risk tolerance in the banking sector. The design for the study is content analysis. This is because the paper reviewed literatures on the concept of knowledge sharing and risk tolerance in the banking sector. The study established that knowledge sharing will help the banking sector to handle the various risks confronting her thereby enhance her risk tolerance. The study indicates several implications for both the owners of banks and the regulators of the industry. It identified the various type of knowledge and the methods through which such knowledge can be shared in the banking sector. Therefore, the baking sector should use the various methods of knowledge sharing discussed in this paper to enhance her risk tolerance. Regulators of the banking sector in Nigeria should formulate policies that will encourage knowledge sharing in the sector. The study is only restricted to the banking sector. It can also be extended to the other sectors of the economy. In addition, the study only link knowledge sharing with risk tolerance, future studies can link it with other concepts such as productivity and risk management.

Keywords: *Knowledge sharing, Risk tolerance and Banking sector.*

Introduction
Banking industry is a financial institution that support business activities in any part of the globe. It aids business activities by providing avenue for savings as well as loan facilities for various purposes. Banks grow and survive via the channel of research and development which is a product of knowledge. That is why high performing banks set aside certain amount of money to enhance their knowledge base mostly through training and the purchase of vital information. Information obtained through knowledge is accessed by other banks or bankers through knowledge sharing.

Knowledge sharing is an essential component of organizational growth and survive. This is due the fact that, organizations like banks employ new staff from time to time to fill the existing vacancies which may be due to retirement or creation of new unit(s)/department(s). Therefore, knowledge sharing is a way of preserving the organization norms and also communicate the organization ethics from time to time. Knowledge sharing mostly depend on the organizational culture or the organizational perception of the beneficiaries. Some organizations(banks) are open to knowledge sharing more than others (Irmer, Bordia & Abusah, 2002; Hutchings & Michailova, 2004; Wang, 2004; Jones & Price, 2004).

Knowledge sharing in organization has been gaining the attention of researchers as well as the organizations' management at various levels especially in advance countries. This is because of its importance in enhancing growth and productivity. The essence of knowledge sharing is to help the organizations identify the acts or factors that can threatened or enhance their growth and survive. Hence, knowledge sharing determined the level of risk tolerance in the banking sector.

Understanding the risk tolerance of banks is essential because it enable them to portray a good reputation to the public, know how to meet the requirements of the regulatory body, and access the credit worthiness of a potential investor (Davies & Brooks, 2014). All these can be obtained through knowledge sharing.

Despite the relevance of knowledge sharing and risk tolerance to the banking industry, little attention is paid to it by researchers and the banking sector's regulatory body especially in developing countries like Nigeria. Most of the available studies in this area is either on Knowledge sharing or risk tolerance and they were mostly written outside the shores of Africa. Example of such studies include Davenport and Prusak (1998), Davis and Brooks (2014), Holtin (2004) among others. This study therefore, examined knowledge sharing and strategic risk tolerance in the banking sector.

The cardinal focus of the study is to examine the essentials or ingredients of knowledge sharing and strategic risk tolerance. Under knowledge sharing, the study will consider the concept of knowledge sharing, types of knowledge, job related knowledge, effect of knowledge sharing in the banking sector and factors affecting knowledge sharing in the industry. Under risk tolerance, the study shall also look at the concept of risk, types of risk as well as knowledge sharing and risk tolerance.

Objectives of the study

The objective of the study is:

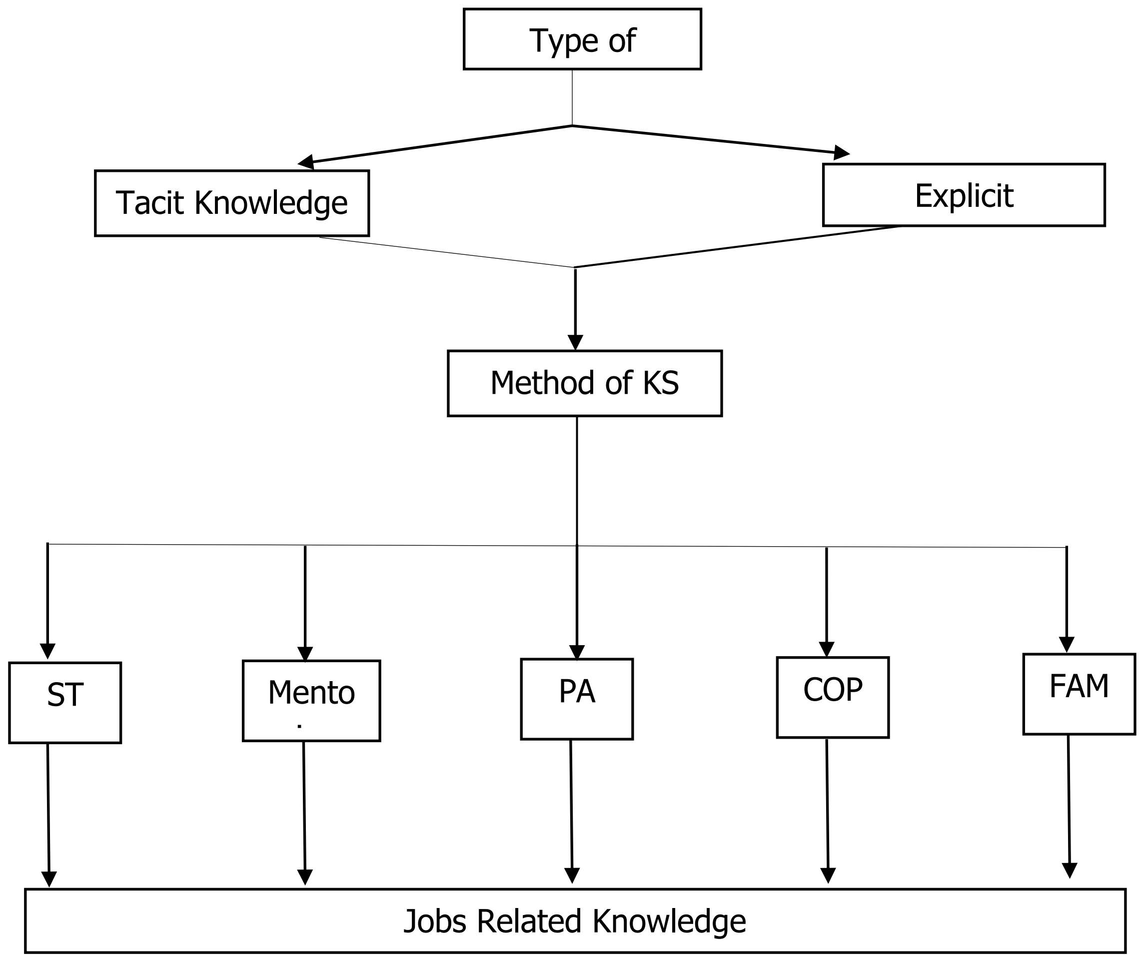
(i) To determine the link between Knowledge sharing and risk tolerance.
(ii) To investigate the effect the effect of knowledge sharing on the productivity of the banking industry and lastly,
(iii) To identify the medium through which knowledge can be shared.

Concept of knowledge sharing

Several scholars defined knowledge in several ways. Gottschalk (2004) defined knowledge as information combined with experience, context, interpretation, reflection, intuition and creativity. Pangil and Nasurddin (n.d) assert that knowledge differ from data and information because knowledge is more comprehensive and more valuable compared to information and data. It could manifest via people's skills, composure, and perception.

Knowledge sharing is the cross-fertilization of ideas among or across a group of people in a certain organization or environment with the intention of enhancing the productivity of the people in an organization thereby impact on them certain skills or behavior with the intention of improving their productivity. Knowledge sharing is one of the most important resources of organizations because it enhanced their long-term sustainability and success (Nonaka, Takeuchi, 1995; Choe, 2004). The kind of knowledge that is expected to be shared in the banking industry is job related knowledge. Yang (2004) opined that job-related knowledge deals with job related entities, these entities includes; behavior, operational thoughts, organizational routines, and competitor and customer knowledge, standard operation procedures, as well as individuals' insights and their past working experience which is relevant to the current job.

Conceptual framework of the type knowledge



Source: Researcher, 2020

Types of knowledge
ST = Story Telling
PA = Peer Assistant
COP = Community of Practice
FAM = Forums and Meetings
KS = Knowledge Sharing

Scholars like Nonaka and Takeuchi (1995) and Bergeron (2003) classified knowledge into tacit, explicit, and implicit. Explicit knowledge is the type of knowledge that can be easily explained and codified, this type of knowledge is available in journals, articles, magazines, textbooks, and manuals. Tacit knowledge is a type of knowledge that is difficult to understand, it cannot be easily verbalize or codified because it more or less resides in the sub-conscious of an individual. On the other hand, implicit knowledge is in between explicit and tacit knowledge. It also lies in the individual sub-consciousness, but it can be extracted and explained. However, the widely recognize classification of knowledge is tacit and explicit (Nonaka & Takeuchi, 1995).

Methods of knowledge sharing

There are many methods of knowledge sharing, this research work will discuss only few of those methods. The reason for selecting these few methods of knowledge sharing method is because they are less often used despite the fact that they are job related. This study obtained these methods of knowledge sharing from the Canadian International Knowledge Development Agency (2003).

Story telling (ST)

It has been discovered that story telling is a way of sharing knowledge from persons to persons or from generation to generation. Stories telling can be use in the banking industry to describe organizations activities, relations and ethics in a formal or informal way. It is mostly use to transfer tacit knowledge that is useful to an organization or industry. Story telling engages people's minds, imaginations and emotions (Denning, 2004). It is an essay means of transferring knowledge in a group of people. Story telling could be verbal or in writing.

Benefit of storytelling to the banking industry

Denning (2004) identify the following benefits of story-telling.

(i) Stories simplify complex things.
(ii) Stories are concrete and accessible.
(iii) It inspire employees to take action
(iv) They promote the development of human relationships.

Mentoring

Casavant (2002) define mentoring as a learning relationship between two employees. He opinned that mentors are experienced employees who share their knowledge, experience and ideas with less experienced employees, or associates. Associates are people who have shown what they can do. Associates really want to acquire new knowledge and skills. A mentor could be the employee's head or any other person within the industry.

Mentoring looks to the future. Its aim is career development. Its aim is to give associates the general management and/or leadership skills that will prepare them to meet the demands, roles and responsibilities that lie ahead. Mentoring is based on mutual commitment, respect and trust (Casavant, 2002).

Benefits of Mentoring to the Banking industry

Human Resource Development Canada and Hunt (2002) identified the following benefits of mentoring

(i) It is an avenue of preparing less experience employees to meet up with the future challenges in the industry as well as equipped them with leadership skills.
(ii) Mentoring gives mentors the opportunity to share their experience and expertise with their close less experience associates in the industry.
(iii) It improves internal communication and knowledge sharing in the banking industry.

Peer Assist (AP)

Collison and Parcell (2001) and Dixon (2000) opined that Peer Assist is a method of cooperation, based on dialogue and mutual respect among peers. Peer Assist involves meeting organized by a work team who are starting up a new project (the hosts).The hosts call on another group who already have experience with a similar project.They introduce the background and data of their project and their capabilities.They then express their specific needs. Once the situation is explained, both teams work together to identify possible solutions to the problem.

Benefits of Peer Assist to the Banking industry

The following are the benefits of Peer Assist to the banking industry:

(i) It is benefial to both parties(the host and the consulted) because it enable the host to learn something new and the consulted think and learn more about their experience.

(ii) It provides a highly focused environment for knowledge sharing.

(iii) It allows bankers to seek knowledge outside their working group.

(iv) It promotes cooperation between teams as well as aid bankers to develop strong networks.

Community of Practice (COP)

Wenger, Mc Dermott and Snyder (2002) defined a community of practice as a group of people who share a concern, a set of problems, or a passion about a topic, and who deepen their knowledge and expertise in this area by interacting on an ongoing basis. Creating a community of practice (COP) is a way to share your knowledge with others who are passionate about the same topic. In return, you learn from their knowledge and experience. COP members freely discuss the various situations they face. They share their aspirations. They identify their needs. They develop a unique, action-oriented perspective. Together, they discuss, innovate and develop a common practice in their field (Wenger & Snyder, 2000.).

Benefits of Community of Practice (COP) to the Banking industry

Wenger, Mc Dermott and Snyder (2002) identified the following benefits of the community of practice:

(i) Is an avenue for bankers to test new ideas by developing a context specific common practice.

(ii) It help bankers to generate new knowledge in response to specific problems and issues.

(iii) It help to identify people who are specialists in a specific area that is relevence to the industry.

Forums and Meetings(FAM)

Small meetings, discussion groups and large forums can all serve as opportunities for sharing knowledge and learning. But, for this to happen, they have to be organized with learning in mind. The process of the meeting, discussion or forum has to be well planned in advance. By forums and meetings, we are referring to everything from a large conference or congress, to round-table discussions that happen on their own or inside a larger conference, to armchair presentations or panel presentations, and any type of staff or regular meeting that brings people together. Meetings and forums can be useful learning and knowledge sharing opportunities when they are planned to be interractive and the goals and objectives are carefully selected (Maccio, 1995).

Benefits of forums and meetings to the Banking industry

The following are the benefits of forum and meetings to the banking industry:

(i) Is an avenue of learning the latest trend or development in the industry.

(ii) It gives employees (both experienced professionals and management trainee) an opportunity to express themselves via discussion/ questions and answer session.

Effect of knowledge sharing on orgnanizations

Below are some of the effect (importance) of knowledge sharing to the banking industry

(i) It generates knew ideas thereby creating new knowledge and result.
(ii) It bridges the gap between employees at all levels in the industry.
(iii) It aids to solve problems that may arise in the banking sector.
(iv) It is a way of making new employees to be familair with the organization ethics.
(v) It prepare employees for future responsibilities.

Factors affecting knowledge sharing

There are so many factors that affect knowledge sharing in the banking industry, some of these factors include:

(i) Individual factors: This includes; motivation, commitment and perception of the employees.
(ii) Group factors: This has to do with relationship among members of a group.
(iii) Organizational factors: This involve the characteristics or nature of the environment in which the employees work.

Concept of risk

The main aim of establishing banks is to make profit, profit is the returns banks get for providing services to individuals or corporate organizations. It ensures the continuity of an organization. For banks to make profit and survive severe competition in the industry, they must pay attention to the risk that threaten their existence. Risk is generally seen as the unpredictability or the possibility of unfavorable outcome. Holyoake and Weiper (2005) opined that the word risk implies both doubt about the future, and the fact that the outcome could leave us in a worse position than we were at the moment. They further assert that risk is different from chance because chance implies some doubt about the outcome in a given situation. The difference is that the outcome is normally a favorable one whereas the outcome of risk is mostly unfavorable. Holton (2004) sees risk as the unexpected variability or volatility of returns and thus includes credit risks, liquidity risks, market risk among others. Figure 2 shows the classification of risk in an organization.

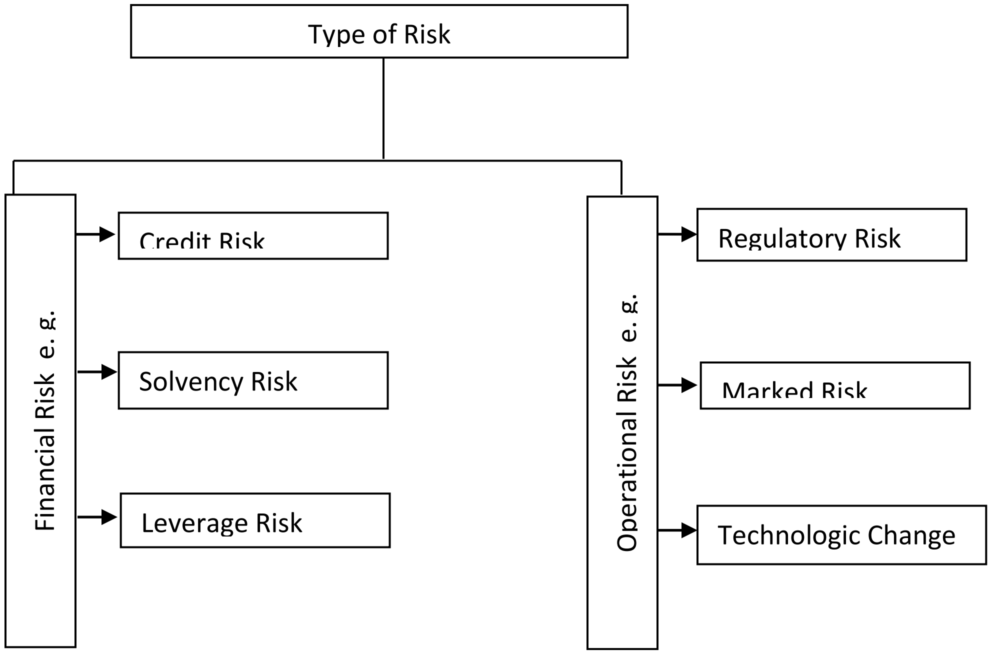


Figure 2: Classification of risk in organization
Source: Researchers (2020)

There are many classifications of risk, however, this study will classify risk into two namely; financial risk and operational risk.

Financial and operational risks are those risk that could post danger to the organization's existence and growth. Example of financial risk variables include credit risk, solvency risk, leverage risk among others while the operational risk variables include regulatory risk, market risk, risk of technological change and others.

Knowledge sharing and risk tolerance

Banks have come to term with the fact that they are face with different kinds of risks, these risks manifest in various ways. The effect of such risk on the banking sector be terrible if efforts are not made to mitigate them. Hence, the need to device ways of avoiding them or reducing those risk. One of the best ways of handling it is via knowledge sharing. Knowledge sharing enable the bankers to know the recent phenomenon or technology in the industry thereby device means of adjusting their operations/activities to meet up with the latest development. This enable the various banks to survive competition and meet up with clients and regulatory body requirement.

For instance, when ATM machines or e-banking were introduced in the Nigerian banking sector, a bank was reluctant to adopt the technology and that affected the operation and profitability of that bank negatively for a long time. The Federal Government of Nigeria had to intervene via sacking the top management staff as well as gave them a huge sum of money (in form of bail out) to rescue that bank from liquidating. Failure to access the available knowledge (technology) by the then management nearly made the bank to liquidate. The methods of knowledge sharing discussed above, and others is the best approach to take by banks to handle or tolerate risk.

Conclusion

There is a need for the banking sector in Nigeria and other part of the world to device means of tolerating risk, this is because there is no individual or organization that is not confronted with one risk or the other, even though the nature of the risk may differ. Therefore, banks should device strategies to tolerate the various risk confronting them, one of the best ways to do that is via knowledge sharing. This article explored basic concepts of knowledge sharing and its relevance to the banking sector in the aspect of risk tolerance. The banking sector in Nigeria should, therefore, employ the various methods of knowledge sharing discussed in this write up to handle the risks confronting them.

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