

Productivity in Knowledge Centric Organizations Through Knowledge Creation

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Abstract: Importance of knowledge has been greatly highlighted in the literature, however the process in with the knowledge is created in companies which are knowledge based and as the matter of fact are knowledge centric organizations has been overlooked to great extent. This paper explores the effect of knowledge creation in knowledge centric organization and how it leads to productivity in such firms in Malaysia. This paper is a conceptual paper and however, this study generates fresh acumen in the domain of knowledge creation in knowledge centric organization towards productivity of such companies. The data collection will be conducted through a quantitative method via employing survey in later stages and the questionnaire is developed and designed and is mailed to the company managers and executive panel. Quantitative approach will be followed to test the interrelationships.

Key words: Knowledge Creation • Knowledge Centric Organization • Productivity • Manufacturing Firms • Malaysia

INTRODUCTION

Knowledge has been established as an important asset in organizations [1]; therefore, the need to manage knowledge is of utmost importance and vital to organizational performance and its sustainability [2]. According to [3], stress on the significance of organizational knowledge and its role in creating a competitive advantage for the organizations, the article highlighted the real issues of knowledge management such as creation of knowledge, policies, foundation, sharing and transferring of such knowledge [3].

Knowledge centric organizations as defined by [4] are 'Organizations that operate within considerably less hierarchical structures that focus on the value and engagement of their employees and integrate and diffuse knowledge throughout their value chain.' In today's cut throat competitive world, Knowledge centric organizations put their faith into the hands of their employees and rely on their capabilities, talents and expertise as intangible assets in the organization. [5] This creates an opportunity for employees of the organization to demonstrate their talents and capabilities which

ultimately helps the organizations create core competencies to sustain their business. However, there are voids in the theory concerning the knowledge creation in knowledge centric organizations and how does knowledge creation in such companies influence its performance. As it will be further discussed in the literature, knowledge creation is of high interest and importance in organization in general and knowledge centric organizations in particular.

Research Gap: D. Wang, Z. Su and D. Yang 2011, suggest that there is a need for the background of knowledge creation to be investigated and a more comprehensive framework be developed to aid better understanding of this topic [6].

Research Questions

RQ1. How Knowledge creation does influence the Knowledge Centric Organizations towards productivity?
RQ2. To what magnitude does the Knowledge centric organization effect productivity?

Research Objectives: Based on the above research question, objective of the research is as follows:

RO1: To assess the relationship between Knowledge creation and Knowledge Centric Organizations towards Productivity.

RO2: To assess the magnitude of knowledge centric organization effect on productivity.

Literature Review

Knowledge Centric Organization: There are many different literature that have tried to define the knowledge centric or knowledge intensive organizations, for instance, Starbuck, denoted knowledge intensive organizations as incomparable and treasured stock of expertise [7]. Among the most notable features of knowledge centric organizations one can pinpoint the reliance of the organization on its employees and staffs as a source and asset of the company rather than the tangible assets such as machinery, capital, or property. Essentially, these companies are distinguished by such characteristics from other non-knowledge centric organizations [8]. This indicates the importance of the staff in such companies and suggests that knowledge centric organizations are in greater need for knowledge creation within their companies.

Knowledge Creation: Knowledge creation fundamentally, refers to the process in which the new knowledge is being produced through accruing and assimilating prevailing knowledge. One of the most notable contributions to the literature of the knowledge creation is of Nonaka 1991 in which the knowledge creation model was introduced. It explained the derivation of the knowledge creation through the conversion of the tacit and explicit knowledge; through which the augmentation of the explicit knowledge and tacit knowledge concomitantly occurs both quantitatively and qualitatively [10]. Nonaka and Takeuchi 1995 advanced this topic and introduced socialization, externalization, combination and internationalization model, SECI model for short; in order to justify the collaboration of tacit and explicit knowledge in order to achieve the creation of new knowledge. [10][11] SECI model comprise of 4 different modes of knowledge conversion namely:

- Socialization: transfer of ‘tacit knowledge to tacit knowledge’.
- Combination: transfer of ‘explicit knowledge to explicit knowledge’
- Externalization: transfer of ‘tacit knowledge to explicit knowledge’

- Internalisation: transfer of ‘explicit knowledge to tacit knowledge’

Socialization: The key obtaining tacit knowledge inn experience in this mode; it empowers individuals to transform the tacit knowledge by the help of interaction with others. Traineeship, internship, informal gathering and meeting outside of workplace are considered to be of the socialization mode [12].

Combination: In the combination setting the explicit knowledge is gathered from internal or external sources of the organization; such as conferences, meetings and tele-conversations; in the next step these explicit knowledge is combined, amended or administered to formulate new knowledge. This knowledge is the being designated to the members of the organization [12].

Externalization: The externalization in this context refers to the conversion of the tacit knowledge to explicit. This is one of the most calamitous of the four modes due to its mandatory role in knowledge augmentation process in which the knowledge is circulating in the organizational network. This sanctions the organization to preserve the tacit knowledge as explicit knowledge, which can be shared among individuals in organizations and ultimately smoothen the path for knowledge creation [12].

Internalization: ‘Internalization mode denotes to formation and creation of new tacit knowledge from explicit knowledge. For instance, learning and understanding that results from reading or discussion.’ [13][12].

Productivity: Productivity is an expansive platform in context of organization. A number of scholars have suggested the link between intellectual capital as an aggregation of knowledge and its subsequent effect on performance of the organizations [13-15]. Holsapple and Wu, investigated a link between the KM productivity and the firm performance, however this requires an environment where knowledge sharing is endorsed which subsequently leads to development and creation of new knowledge; thus increase in productivity of the firm. [17]. [18] Suggests that a contributor to productivity is considered to be innovative capacity which could also result in creation of competitiveness for the firm. Generally productivity of the organization is indicated through measuring how sound an organization achieves its intentions.

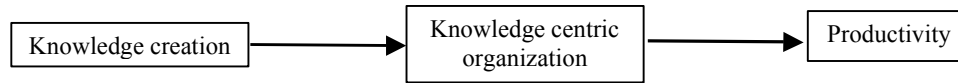


Fig. 1: Knowledge creation, knowledge centric organizations and productivity relationship

Research Methodology: Driven from the literature review, the conceptual framework below is proposed. (Figure. 1) It is intended to inspect the relationship between knowledge creation and Knowledge centric organization; in addition to the relationship between knowledge centric organization and performance in manufacturing organizations in Malaysia. Henceforth, knowledge creation is the independent variable, knowledge centric organization along with performance are the dependent variables in this study.

The data collection is conducted through a quantitative method via employing survey. The questioner is developed and designed and is mailed to the company managers and executive panel. Quantitative approach will be followed to test the interrelationships. For this conceptual framework validated with primary data. Simple Random Sampling is employed due to its high generalizability, ease of use and understandability. Quantitative approach will be followed to test the interrelationships.

CONCLUSION

This study generates fresh acumen in the domain of knowledge creation in knowledge centric organization towards productivity of such companies. Advancement in knowledge creation can lead to the betterment of the productivity in knowledge centric organizations as the literature lags behind in a comprehensive framework in this field.

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