

## Chapter 22

# The Role of Knowledge Sharing on Organisational Innovation: An Integrated Framework

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### ABSTRACT

*This chapter introduces the framework and causal model of organisational learning, knowledge management, knowledge-sharing behaviour, and organisational innovation. It argues that dimensions of organisational learning, knowledge management, and knowledge-sharing behaviour have mediated positive effect on organisational innovation. Knowledge-sharing behaviour positively mediates the relationships between organisational learning and organisational innovation and between knowledge management and organisational innovation. Organisational learning is positively related to knowledge management. Understanding the theoretical learning is positively beneficial for organisations aiming to increase organisational innovation and achieve business goals.*

### INTRODUCTION

A general goal of knowledge management is to improve the systematic handling of knowledge and potential knowledge within the organisation (Heisig, 2009). Knowledge must be refreshed by the organisation, and therefore, knowledge networks are needed to ensure employees have opportunities to share knowledge (McGurk & Baron, 2012). This requires certain processes to capture organisational learning (McGurk & Baron, 2012). Labedz et al. (2011) stated that knowledge management processes that have been

integrated into work processes can be used to correct dysfunctional organisational behaviour. Organisations adapt from their experiences when they have integrated processes to support what they have learned (Labedz et al., 2011). The need for techniques and management models for regional knowledge-based management remains topical and indeed is on the increase (Sotarauta et al., 2012; Uotila et al., 2005; Zhao & Ordóñez de Pablos, 2011). The role of knowledge has been studied from the managerial perspective in several streams of academic literature and no common title for the wide knowledge-related research field

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exists (Lönqvist & Laihonon, 2013). Knowledge has been used as an effective tool to improve the firm's functioning (Perez-Lopez & Alegre, 2012; Zaim et al., 2007). Innovation contributes to better entrepreneurial performance (Alipour & Karimi, 2011; Rubera & Kirca, 2012).

The role of innovation is one of the elements with the greatest impact on organisational performance (Rubera & Kirca, 2012). Thus, firms are becoming increasingly interested in understanding how to stimulate innovation in organisations (Rubera & Kirca, 2012). In the knowledge-based economy, knowledge sharing is increasingly viewed as critical to organisational effectiveness (Quigley et al., 2007). Knowledge sharing has gained importance in organisations seeking to gain a competitive edge (Felin & Hesterly, 2007). Organisational innovation is increasingly considered to be one of the key drivers of the long-term success of a firm in today's competitive markets (Baker & Sinkula, 2002; Darroch & McNaughton, 2002; Lyon & Ferrier, 2002). Firms are increasingly recognising importance of organisational innovation as a principal capability that allows growth and wealth creation (Ireland et al., 2001). Consequently, knowledge-based assets and organisational learning capabilities are critical for organisational innovation (Jantunen, 2005). If the organisations are required to develop learning organisations, the administrators shall previously cultivate the learning capability of individuals and working teams (Garrae, 1990). The organisational innovation literature includes various empirical studies supporting the relationship between organisational innovation and performance (Hurley & Hult, 1998).

Furthermore, businesses need competitive strategies and innovation in order to survive and react to the challenges and opportunities in the modern competitive environment. Resistance to innovation is likely to result in a business's downfall (Leavy, 1988). Kim and Mauborgne (1997) suggested that organisational innovation

facilitates the formation of organisational values and differentiates the organisations from its competitors. Gates (1999) suggested that every person in the job market should be considered a knowledge worker in such a speed-emphasised era. Accordingly, human resource is considered the most important asset that any company must treasure. It is especially essential to implement a successful knowledge management environment in order to offer the resources at the right place at the right time to knowledge workers holding multi-national and multi-cultural views. Knowledge sharing is regarded as the informal communication process involving the sharing of knowledge between co-workers (Siemens et al., 2008). Organisational members are better equipped with skills and knowledge when they engage in knowledge sharing (Sitko-Lutek et al., 2010). Effectively communicated knowledge benefits all of the involved organisational factors by improving their performance and eventually improving financial, marketing, and general outcomes of the organisation (Alavi & Leidner, 1999). Knowledge is considered the most important resource in organisations (Choe, 2004). Furthermore, Davenport and Prusak (1998) stated that the goal of knowledge transfer is to enhance organisational action power through shared vision and utilisation of past experience, which is also perceived as the process of organisational learning. Research objective was to establish an integrated framework and a causal model of organisational learning, knowledge management, knowledge-sharing behaviour, and organisational innovation of ceramic plant employees in Thailand.

## **BACKGROUND**

The details of constructs such as organisational learning, knowledge management, knowledge-sharing behaviour, and organisational innovation related to this chapter are shown as follows.

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