

How Transformational Leaders Can Effectively Manage Knowledge in Companies

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ABSTRACT

This article raises a vital question as to how executives who act as transformational leaders can unleash the power of knowledge in companies. The author posits that transformational leadership's direct impact on firms' internal resources can also promote knowledge management processes. In particular, transformational leaders strongly manifest themselves as change agents who have a significant impact on the culture, structure, and strategy of a firm. This article suggests that managers should develop a supportive workplace to promote knowledge management processes. In this way, culture, structure, and strategy constitute the foundation of this supportive workplace. In fact, it can be seen that if firms' culture, structure, and strategy are not completely in favor of supporting knowledge management processes, organizations cannot effectively implement knowledge management projects to promote knowledge management. Accordingly, this article suggests that knowledge management efforts depend on a supportive culture, structure, and strategy in organizations.

KEYWORDS

Culture, Knowledge Management, Knowledge-Based View, Organizational Change, Social Capital, Strategy, Structure, Transformational Leadership

INTRODUCTION

Although previous studies, such as Jung, Chow and Wu (2003), Lee and Choi (2003), and Fugate, Stank and Metzger (2009), suggest that transformational leadership's direct impacts on knowledge management, there is a gap in the literature in examining the implications of transformational leadership for knowledge management through better management of structure, culture, and strategy. The question still remains: How can transformational leaders effectively manage knowledge in companies? To answer this overarching research question, 6 sub-questions are proposed:

1. What is the impact of transformational leadership on organizational culture?
2. What is the impact of organizational culture on knowledge management?

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3. What is the impact of transformational leadership on organizational structure?
4. What is the impact of organizational structure on knowledge management?
5. What is the impact of transformational leadership on organizational strategy?
6. What is the impact of organizational strategy on knowledge management?

Transformational leaders are those executives who engage in the facilitation of building and sustaining relationships with subordinates (Marturano & Gosling, 2008; Patiar & Mia, 2009). Knowledge management has been also defined as a set of processes aimed at creating value through generating and applying intellectual capital (Marr et al., 2003). A systematic approach toward transformational leadership as a significant indicator of improving knowledge management processes can provide practical guidelines for management executives (Sosik, 1997; Politis, 2001; Politis, 2002; Jung, Chow & Wu, 2003; Lee & Choi, 2003; Fugate, Stank & Metzger, 2009). In addition, understanding these implications could provide a significant contribution to the literature, especially in developing a new and dynamic conception of transformational leadership within the knowledge management paradigm.

This research adopts the resource-based view and knowledge-based view of the firm to identify various organizational factors mediating the relationship between knowledge management and transformational leadership. In line with this, a literature review is conducted to develop the theoretical rationale for this research using the resource-based and knowledge-based view of the firm. The resource-based and knowledge-based view of the firm underpin the various organizational factors, outlined in the theoretical background section, that link transformational leadership, knowledge management, and organizational factors. I have found that transformational leaders reshape culture, structure, and strategy, aiming at propelling the processes of knowledge management. The findings in this article are based upon previous empirical studies that illustrate the formulation of several propositions that advance the current literature on transformational leadership and knowledge management.

METHODOLOGY

This research examines studies that have been conducted in the transformational leadership, knowledge management, culture, structure, and strategy. I identified five key words (i.e. transformational leadership, knowledge management, culture, structure, and strategy) for the initial search. In the first step, various search filters, such as scholarly peer-reviewed articles in English and timeframe for PhD dissertations from 1990 to 2019, were applied to particular databases (i.e., ScienceDirect databases, ProQuest databases and the Academy of Management website). This initial search resulted in 247 relevant samples. In the second step, I read the titles, the abstracts and the introductions of these samples and compared them against the inclusion criteria (i.e. research question, suitable data, key variables and validated measures). If the titles, the abstracts and the introductions recommended that the work could successfully meet my inclusion criteria, I read the full-text version. In the next step, I identified my final samples (i.e. 54 articles, 8 books, 2 book chapters, and 6 PhD dissertations). By analyzing these articles, books, book chapters, and PhD dissertations, this study provides arguments on the mediating effects of organizational resources (i.e., culture, structure, and strategy) in the relationship between transformational leadership and knowledge management.

THEORETICAL BACKGROUND

Various studies, such as Conner (1991), highlight the fundamental underpinnings of the resource-based view by which the critical role of companies' internal resources is considered to achieve a higher degree of competitive advantage. Barney (2002, p.155) describes these internal resources as

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