


# Beyond Corporate Division: Knowledge and Connections Lead to New Corporate Successes

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## ABSTRACT

The success of modern companies in today's complex business environment depends on effective knowledge management, especially during corporate divisions. The research explored how knowledge flow and relational networks impact the success of new ventures during such transformations. An organization that underwent a division was studied, and statistical methods, including distributions, cross-tabulations, and Spearman's correlation, were used to analyze the data from a quantitative survey. The findings indicate that successful new companies are closely linked to knowledge sharing, ethical leadership, and integrating existing and new relational networks. A positive correlation was also found between company success, innovation, and leadership quality. This study offers fresh insights into corporate divisions and knowledge management, highlighting the role of ethical leadership and strategic use of knowledge to support sustainable development and improve business outcomes.

## KEYWORDS

Corporate Division, Knowledge Management, Relational Networks, Change Management, Innovation, Adaptive Corporate Culture

## INTRODUCTION

Corporate splits are becoming increasingly common among large corporations and SMEs, particularly in companies undergoing significant organizational transformations. Knowledge management is crucial for large corporations and plays a fundamental role in the efficient operation of business processes in smaller enterprises. Although knowledge management in SMEs is often less formal, it encompasses all the elements in larger organizations. Networking, especially in establishing relationships with customers and other businesses engaging in similar, but not identical, activities, is also crucial for SMEs and should not be overlooked.

Previous research indicates that knowledge management and networking are essential for achieving corporate success, even in smaller companies. Hussain et al. (2019), Albassami et al. (2019), and Wijaya and Suasih (2020) demonstrated that the flow of knowledge within a company

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and efficient relationship networks strongly support a company's ability to adapt and grow. When a company splits for any reason, most of the original relationships remain intact for both newly created organizations. However, such cases present a paradox regarding the amount of knowledge: Despite the division of the original knowledge base, overlaps may result in a greater amount of knowledge than existed originally (Lee & Ram, 2018; Ren et al., 2018). It is widely accepted in the literature that corporate success results from the combined effect of multiple factors. According to Hodson and Roscigno (2004), positive organizational and work-related practices, including employee participation, competency management, and workplace training, play a key role in achieving corporate success. Research by Flamholtz and Aksehirli (2000) highlights that corporate success is a complex, multi-faceted system that requires a holistic approach. One of the most critical factors is identifying market niches that provide a competitive advantage, along with long-term planning and management systems encompassing strategic, operational, and contingency planning.

While numerous studies address issues arising from corporate splits, few examine the direct impact of knowledge management and networking on post-split corporate success. The organizational challenges encountered during the split and the effects of the redistribution of knowledge and relationships on corporate performance remain underexplored in the literature. In contrast, the paradoxical phenomenon where, despite the division of knowledge, the total amount of knowledge post-split may exceed the original deserves special attention, as it can be crucial for corporate success.

Our research explores how the free flow of knowledge, reliance on previously acquired knowledge, and existing and new relationships influence perceived corporate success. We emphasize how these factors contribute to corporate performance, especially in the post-split period. Our study analyzes the division of a previously integrated company into two distinct entities, with a focus on the role of knowledge management and networking and their impact on perceived success.

Our research questions are linked to the aforementioned success, seeking reasons based on employee opinions, focusing on knowledge management and networking. We have formulated the following four research questions:

1. Does the free flow of knowledge and information within the organization affect perceived success?
2. Does the ability of a business to rely on previously acquired knowledge and expertise affect perceived success?
3. Does the extent to which a business can utilize previously established relationships during its activities affect perceived success?
4. Does the extent to which a business can establish new relationships affect perceived success?

The first part of the study presents the theoretical background of knowledge management and networking, particularly in corporate splits. The following section discusses the methodological approach and research tools used in the empirical study. This is followed by presenting the results, highlighting the main challenges and opportunities in the post-split period, emphasizing the reorganization of knowledge flows and relationship networks. Finally, the discussion and conclusion summarize the main findings of the research and outline the new theoretical and practical insights drawn from the results, along with recommendations for future research directions.

## **LITERATURE REVIEW**

The literature review aims to provide a comprehensive overview of the role of corporate splits, knowledge management, and relationship networks in the context of organizational transformations and sustainability. While literature extensively covers these topics, gaps in critical analysis sometimes hinder a deeper theoretical understanding. In this section, we strive to shed new light on the dynamics of corporate transformations by integrating relevant theories and highlighting areas that have yet to be fully explored (Mbaidin et al., 2020).

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