


Chapter 11

Sustainability in Small Business Settings Through Tacit Knowledge Transfer Across Generations: Lessons Learned From Waqf-Based Organizations

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ABSTRACT

Sustainability of small businesses in Industry 5.0 relies on effective tacit knowledge transfer across generations. This chapter investigates tacit knowledge transfer dynamics in waqf-based organizations. Waqf-based organizations provides a model for studying tacit knowledge practices that promote sustainability. The chapter starts by defining tacit knowledge and its role in enhancing adaptability, innovation, and resilience in small businesses. Challenges in transferring tacit knowledge are also highlighted. The chapter then explores strategies used by waqf-based organizations, such as structured mentorship programs, on-the-job training, job rotation, and collaborative projects, to ensure effective tacit knowledge transfer. The role of digital technology, leaders, and organizational values as an enablers of tacit knowledge transfer is also emphasized. Finally, the chapter discusses implications for small businesses and provides recommendations for leaders to support inter-generational tacit knowledge transfer using digital technologies as well as formal and informal

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platforms.

INTRODUCTION

Industry 5.0 emphasizes the synergy between humans and machines to enhance the efficiency and sustainability of industrial processes (Xu et al., 2021). In this era, the value of tacit knowledge becomes more pronounced as it often encompasses critical insights, skills, and experiences that are not easily codified (Konno & Schillaci, 2021). Tacit knowledge includes various aspects, such as intuitive understanding, craft skills, and cultural norms, which are vital for the innovation and adaptability required in Industry 5.0. Research by Nonaka and Takeuchi (1995) highlights that tacit knowledge is essential for continuous learning and adaptation. As businesses transition into Industry 5.0, the need to effectively manage and transfer tacit knowledge becomes critical, particularly in the context of small businesses.

Small businesses, particularly those with limited resources, must leverage tacit knowledge to remain competitive (Upadhyay & Kundu, 2020). Effective tacit knowledge transfer ensures that valuable skills and insights are preserved and passed on to new generations of worker to maintain continuity and foster innovation (Yew, 2020). This is particularly crucial in small businesses, organizations in which the depth of experience often resides with a few key individuals. The challenge is, then, to transfer this knowledge effectively to ensure that it does not get lost when employees retire or move on. As such, sustainability of small businesses in industry 5.0 highly relies on their ability to do tacit knowledge transfer across generation effectively.

For small businesses, tacit knowledge transfer is not merely about preserving skills, but also about enhancing their capacity for innovation and competitive advantage. According to a survey by the Small Business Administration (2023), nearly 70% of small businesses identified knowledge management as a key factor in their long-term sustainability. This underscores the importance of capturing and transferring tacit knowledge to ensure business resilience and growth.

Building on the aforementioned issues, this chapter investigate the dynamics of tacit knowledge transfer across generation in small business operated by Indonesian waqf-based organizations. Waqf as an Islamic charity is well-known for its long-term protection and utilization of assets. These types of organizations play a crucial role in supporting communities by managing assets, such as land, buildings, and financial resources for the benefit of the public. Moreover, waqf organizations often manage assets and resources across generations by inherently involving the transfer of knowledge and expertise. This intergenerational transfer of tacit knowledge is essential to maintain the continuity and effectiveness of such organizations' charitable activities. The structured approach to asset management in waqf organi-

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