# Chapter 4 Knowledge Management

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#### ABSTRACT

Organisational culture plays an important role for enabling the process of knowledge sharing. Organisational culture is not only reflected in the visible aspects of organization such as structure, mission, and objectives, it is also embedded in the behaviour of people. The purpose of this chapter is to close research gaps present in knowledge sharing success by examining the linkages between employees' knowledge-sharing through collaboration, perceived values of involvement, trustworthiness, and formal recognition. The research data was collected by using simple random sampling techniques from a population of knowledge workers in Malaysian IT organisations. The findings highlight the importance of organisational culture for successful knowledge sharing within organisations. The results of factor analysis show the emergence of four new cultural values extant in the Malaysian context. These values are involvement, trustworthiness, formal recognition, and independence. Successful knowledge sharing is significantly related to the perceived value of involvement, trustworthiness, and formal recognition. This chapter will be beneficial for researchers, practitioners, scholars, and organisations (leaders and employees); it will also be helpful for those interested in organisational structure and relationships across organisations in knowledge contexts.

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### INTRODUCTION

One of the most basic concerns in organisations is the regeneration and development of scarce resources through which organisations can secure competitive advantage. The shift from an industrial to knowledge economy implies that people's knowledge becomes the main source of production. From an organisation's view, it is the employees' competence (human capital) that needs to be captured through knowledge sharing behavior.

Individual employees play an important role in organisational performance because the knowledge embedded in an individual can act as a profit lever in the organisation. Profit levers act to enhance or, if not used fully, inhibit the effectiveness of an organisation in a competitive and dynamic business environment. All forms of knowledge are rooted in individuals' personal experience known as tacit knowledge, which cannot be imitated as easily as other productive resources in the organisation (Pathirage, Amaratunga, & Haigh, 2007). Organisations manage to retain the flow of knowledge through various means. We suggest that organisational culture, in terms of employees' collaboration, can positively influence innovativeness. We also suggest that management practices, especially those employed by senior managers, help to motivate individuals to use their knowledge effectively for innovation.

The purpose of this chapter is to give the reader a better understanding of employees' knowledge sharing behaviour in organisations. We first review the literature from several fields of inquiry, such as the information and decision sciences, management theory, human resource management, strategic management, organisational communication and organisational behavior. Although knowledge exists at many levels in organisations, our focus in this chapter is the knowledge that exists within individuals and how the main organisational culture influences knowledge sharing practices.

#### LITERATURE REVIEW

An individual employee's knowledge plays an important role in organisational performance. For instance, it has been suggested that individual skills and abilities have long been known as essential for maintaining an organisation's economic competitiveness (Coffield, 2002). The world economy has shifted from being industrial to knowledge based, where information has become the primary output and people's knowledge has become the main means of production (Davis, 2004). In this knowledge era, it is important to understand that the main profit lever becomes employee knowledge. Further, all the assets in a firm except employee knowledge are lifeless and passive until they become subject to human application which generates value (Fitz-enz, 2000).

#### Knowledge

Knowledge is information, and managing this information helps organisations to function effectively. Barnard (2005) suggests that knowledge itself, then, becomes the real asset of organisations. Knowledge is intangible, as opposed to other traditional tangible resources. Leaders of effective organisations realise that employee knowledge (human capital) is part of an organisation's intellectual capital including relationship capital and structural capital (Fitz-enz, 2000). Yang and Guo (2007) conclude that knowledge is an important source to help organisations to achieve competitive advantage. The concept of knowledge as a means of competitive advantage in organisations has become popular in the literature (Alvesson & Karreman, 2001).

De Long & Fahey (2000) argue that knowledge resides at three levels in organisations, known as the individual, the group, and the organizational levels. Roos and Krogh (1992) further subdivide the organisational level into departments and divisions. This chapter focuses on the most basic of these levels, the knowledge that is possessed by 16 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

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