

# THE ASSOCIATION BETWEEN KNOWLEDGE CREATION AND INNOVATION: A PROPOSED CONCEPTUAL MODEL

## Abstract

This study aims to comprehend the function of the organisation and its personnel in the process of knowledge production and innovation for the success of the organisation. The market is highly competitive as a result of new technology and services that have the ability to make small, unforeseen modifications that give rise to whole new products. The goal of the organisation should be to continuously develop its goods and services in order to stay competitive. In order for this innovation to take place, internal organisational knowledge must be created and effectively externalised. Innovation uses fresh concepts and ideas that are produced during the knowledge development process. The first factor to encourage knowledge production is transparency regarding the performance of the organisation, where employees are aware of their workplace and may give suggestions or ideas if the organisation is not performing properly. The company culture, where employees are free to socialise and so share their tacit knowledge, is the subject of the second element. A knowledge management team is required to close the gap between knowledge development and innovation. The knowledge management team's job is to collect concepts or ideas from the workforce, screen, filter, and qualify them before comparing them to the organisational goals. Making useful, sound decisions can be aided by this information redundancy. It also keeps in regular contact with the team responsible for research and innovation. Every idea or concept that the knowledge management team receives must be recorded so that the innovation team and the employees can access them later. The study offers a model where knowledge development starts with problem

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identification. The issue is brought up, the team discusses it, and each employee submits an idea or opinion to the knowledge management team. This procedure facilitates innovation.

**Keyword:** Knowledge, Innovation, Product, Knowledge management, creativity

## I. INTRODUCTION

Over the past few decades, globalisation has substantially altered the competitive market, compelling business organisations to constantly seek out new strategies to outdo their competitors. Continuous product and service innovation is required for these strategies. This continual innovation is encouraged by continuous knowledge creation. Knowledge creation is the cornerstone of innovation and long-term organisational growth. New knowledge development and innovation go hand in hand.

Ideas are created when an effort is made to remedy a current problem or when there is a discontent with the result. The cornerstone for knowledge creation in this essay is problem identification. We are the source of knowledge, whether it takes the shape of ideas or concepts. Each person has a distinctive way of thinking, which shapes their perspective. This enables multiple approaches to be taken to a situation or an issue. Having numerous ideas is usually better than having few.

We emphasise the significance of knowledge management's role in this study. To close the gap between knowledge creation and innovation, knowledge management is crucial. Here, the created knowledge is organised and thoroughly documented for access in the future. Research and innovation use this created knowledge. Since knowledge is the foundation of innovation, knowledge management is crucial.

In order to make the operation of such a system run smoothly, the human resource department, which coordinates operations among employees, the knowledge management team, and the research and innovation team, is essential.

## II. LITERATURE REVIEW

“Sheetal Mahender et.al. (2021), reveals in their study that a strong positive correlation between the performance of the organization and employees with strong knowledge management.”

“(Al Rashdi et al., 2019), in their studies consider the reviews of some literature on knowledge management which specifies about knowledge management and organizational performance are the key indicators that are preferred and dominated by conceptual studies. And also found that scarcity of mediators or moderators to understand the effect of KM practices on organizational performance.”

“(Gope et al., 2018) in this study revealed that the resources based view of the organization where ensures a key role in the business sustainability as they are unique for each organization and contribute to creating specific human capital skills as well as valuable, rare, inevitable and non-substitutable knowledge, which can exploit into the organizational strategy(Barney et al.,2001).”

“Abu Bakar et al. (2016) study examined the relationship between knowledge management practices and growth performance in the construction industry. Growth performance measurement is undertaken through company turnover and employment growth.” The results show that knowledge creation, storage, transfer, and application have a

significant relationship with growth performance. Of the four processes knowledge transfer has the strongest impact on growth performance.

“In a study on the identification, of integration between knowledge strategy and knowledge management processes leads to organizational creativity, Shahzad et al. (2016) discovered that the knowledge creation process impacts organizational performance which is defined in a model that includes successfulness, market share, growth, profitability, and innovativeness.”

“Tan & Wong (2015) examined the effect of knowledge management on manufacturing performance which was defined as production and operational performance measured as quality, time, cost, flexibility and customer satisfaction. The results hawed that knowledge management processes and factors have significant and direct effects on manufacturing performance.”

“A study of innovation performance improvements through proactive management of knowledge assets was performed by Inkinen et al. (2015).” The authors provided empirical evidence of how various KM practices influence innovation performance. Strategic knowledge management, knowledge-based compensation, and technology were recognized as influential factors on innovation performance, while the impact of some other knowledge management practices was not confirmed.

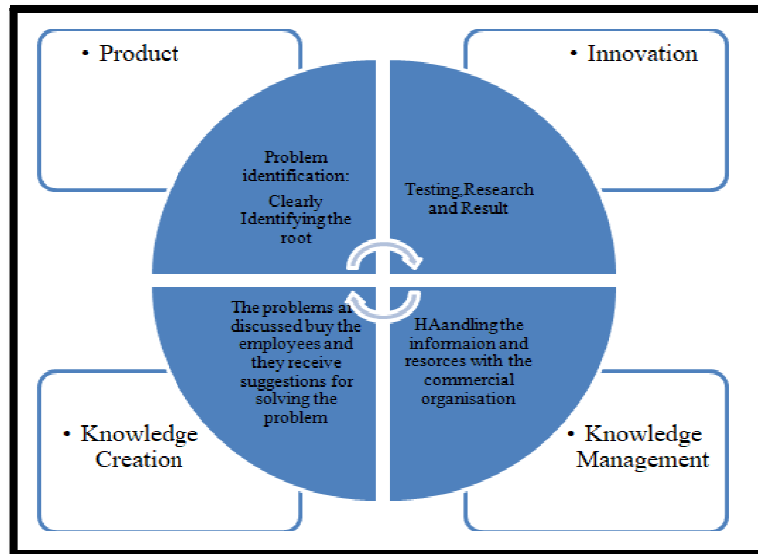
“Akhavan at al. (2014) explored the relationship between ethics, knowledge creation, and organizational performance. Organizational performance is determined in a study in three dimensions: output, adaptability, and human resources. While ethics was positively correlated with both knowledge creation and organizational performance, there was no significant relationship between knowledge creation processes and organizational performance.” Another result of the research is that there is a positive correlation between ethics and the dimension of human resources which indicates that human resources management as one of the enablers of knowledge management has a positive impact on organizational performance.

“A study of the relationship between knowledge processes organizational trust and innovativeness was conducted on a sample of Polish companies by Sankowska (2013).” The study revealed that organizational trust and innovativeness are correlated through knowledge management processes as mediators. Trust engages more effective knowledge managing processes that impact the process of innovation in firms.

“Andreeva and Kianto (2012) researched the relationship between knowledge management activities and organizational outcomes in the form of firm competitiveness and economic performance. The study revealed that activities inside knowledge management areas such as IT technologies and human resource management have appositive effect on competitive advantage. On the other hand, IT technologies improve financial performance only when supported by human resource management which on its own has a positive impact on financial performance.”

### III. PROBLEM IDENTIFICATION AND KNOWLEDGE MANAGEMENT IN KNOWLEDGE CREATION AND INNOVATION.

The proposed model seeks to make the knowledge creation process efficient through proper problem identification and also sustainable for innovation with the help of knowledge management.



- 1. Problem identification for knowledge creation:** There must be an intention to improve for a product to be made better. When a product has shortcomings or issues, there is room for improvement. It is critical to identify the issue. It is the responsibility of the human resources department to inform the staff of the issue.
- 2. Organisation's Culture and knowledge creation:** The culture of the organisation should be particularly open to socialising activities within the company, where employees are allowed to converse and voice their opinions. When the organization's functioning and current performance are transparent, this is well-complemented. The freedom to speak and debate ideas promotes the growth of knowledge.

Multilateralism is crucial for the creation of new knowledge. where each employee has the opportunity to voice their concepts or ideas. which arrives at several perspectives on the issue. Facilitating the process of making decisions. We need a well-designed knowledge management system in order to gain from knowledge generation.

### IV. KNOWLEDGE MANAGEMENT: THE BRIDGE BETWEEN KNOWLEDGE CREATION AND INNOVATION

The part the knowledge management team must accept, justify, and qualify any notions or suggestions made by employees before they can document them. It will therefore make access easier. The coordination of the activities among the employees, the knowledge management team, and the research and innovation team is crucially dependent on the human

resource team.

The outcomes of research are used to product innovation. The product's issue is subsequently leveraged once more to generate new knowledge, and the cycle continues, paving the road for ongoing innovation.

### **Findings**

1. A study found that actions related to human resource management and knowledge management have a beneficial impact on competitive advantage. Technology only enhances financial success when paired with effective human resource management, thus the two are closely related.
2. According to a study, knowledge management procedures serve as a bridge between organisational trust and inventiveness, which are related.
3. Study reveals that organizational performance is determined in three dimensions: output, adaptability and human resources.
4. Influential factor on innovation performance were recognized, such as Strategic knowledge management, knowledge-based compensation and technology.
5. Study reveals that knowledge creation, storage, transfer and application have a significant relationship with growth performance.
6. The proposed model provides importance of knowledge management for innovation by help of knowledge creation.

### **V. CONCLUSION**

By focusing on problem identification in the product and asking the right questions, knowledge creation is made efficient by answering for the right question. Let employees involve in the process makes them feel like it is their company thus improving the moral, thus helping work efficiency.

Introduction of knowledge management team bridges the gap between knowledge creation and innovation. Knowledge management team function the way, by which making the process sustainable.

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