

The Impact of Knowledge management on Innovation with the mediating role of empowerment

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Abstract: Nowadays, in the world of competition, innovation is considered as one of the basic advantages for organization's life. The changing nature of the market, the challenge of ongoing change and the emergence of the knowledge society has lead to an increased focus on innovation (Matthews, 2003). One of the aspects that increase innovative Performance in organizations is participation which is achieved through empowerment. In order to achieve empowerment knowledge management is a system which can be helpful for organizations. There is plenty of literature on both relationship between knowledge management and empowerment on one hand and knowledge management and innovation on the other hand. But, there is very little research on whether there is any possible correlation between these three items. This paper is a theoretical attempt to indicate the linkage between knowledge management, empowerment and innovation.

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1. Introduction

It is now an indisputable fact that globalization is a reality that has become an integral part of everyday operations and transactions for most organizations in a multiplicity of fields and domains (Alhawari, et.al 2012). In today's competitive era innovation is a soul to the business because through innovation organizations produce unique products and services (akram2011). The appearance of innovation not only enables organizations to obtain competitive advantage toward competitors, but also produce useful tool in order to increase organizational performance. It is generally accepted that due to globalization, competition is becoming more intense and as organization are now able to or forced to open newer methods and requirement (Alhawari, et.al 2012).

Innovation is a set of interacting knowledge processes. These processes include the absorption of existing knowledge from the external environment, the creation of new knowledge through creative thinking and interchange of ideas, the rapid diffusion of ideas and insights through knowledge networking; the validation, refining and managing of innovation knowledge, matching of creative ideas to unmet customer needs and in solved problems, and encapsulating and codifying knowledge into an appropriate form such as a tangible product, a production of a new internal process, training material for a new service a marketable design, patent etc. (Skyrme, 1999).

What improves evolution and ensure the organization survival is increasing information and knowledge of human resources for making them efficient (ghale hasan, 2012).

The object of this paper is to indicate the existing literature and develop the conceptual framework about the linkage between knowledge management, empowerment and innovation.

Innovation

Innovation in general is used to describe new products, processes and services under taken by Firms, which lead to an increase in performance (Matthews, 2003). Innovation is the usage of new ideas which are the results of creation and can be a new product, new services or a new way for doing works.

Herkema (2003) defines innovation as a knowledge process aimed at creating new knowledge geared towards the development of commercial and viable solutions. Innovation is a process where in knowledge is acquired, shared and assimilated with the aim to create new knowledge which embodies products and services (Herkema 2003).

Innovation cannot be directly created, indeed successful innovation in an organization is based on strategy, is dependent on both effective internal and external linkages, usually requires enabling mechanisms to make change happen, and only happens with in a supporting organizational context (Tidd et al., 1997).

The term innovation can be defined in different way. It may include a specific innovation or the work with creating innovations. Innovations can be incremental or more radical. There are also different kinds of innovation like:

- 1) Product innovations
- 2) Process innovations
- 3) Organizational innovations
- 4) Business (Model) innovations

- 5) Social innovations (Uwe Fort kamp, staffa, 2012)

This paper pays attention in to Product, process and organizational innovations.

Scope of Innovation

Innovation might be radical or incremental.

Radical innovation: A radical innovation is a product, service and process with entirely unique or sign if cant improvements in existing features which improve the cast and performance. (leifer et.al, 2007)

Incremental innovation: According to plessis (2007) incremental innovation is basically a modification in a product which also called line extension or market pull innovation (Plessis, 2007).

Knowledge

Importance of knowledge can be seen every where that is a society or a corporate world. Because Knowledge enlightens the human minds, shape up the behaviors, mold the attitude of human. So to make society a more civilized every one agrees that, to gain the knowledge is the fore most activity or obligation that is to perform or fulfill whilst its importance also recognized for corporate as well (Akram et al., 2011).

According to Polyani (1962) and Nonaka and Takeuchi (1995) there are two types of knowledge: 1) Tacit knowledge 2) Explicit knowledge.

Nonaka and Takeuchi (1995) distinguish between two types of knowledge (Table 1). Tacit knowledge is basically experiential, whilst explicit knowledge is expressed and often seen as transferable in one way or another. (Julia Ghivu, Popesuu, 2008)

Table 1. The seci cycle of knowledge creation (nonaka and takeuchi, 1995)

From/ To	Tacit	Explicit
Tacit	<p>Socialisation</p> <p>Creates sympathised knowledge through the sharing of experiences, and the development of mental models and technical skills, language unnecessary.</p>	<p>Externalization</p> <p>Creates conceptual knowledge through knowledge articulation using language, dialogue and collective reflection needed.</p>
Explicit	<p>Internalisation</p> <p>Creates operational knowledge through learning by doing, explicit knowledge like manuals or verbal stories helpful.</p>	<p>Combination</p> <p>Creates systemic knowledge through the systemizing of ideas, may involve many media, and can lead to new knowledge through adding, combining & categorizing.</p>

Knowledge management

Sousa and Hendriks (2006) define knowledge management in the following way: "Knowledge management addresses policies, strategies, and techniques aimed at supporting an organization's competitiveness by optimizing the conditions needed for efficiency improvement, innovation, and collaboration among employees." Hult (2003) states that "it is the organized and systematic process of generating and disseminating information, and selecting, distilling, and deploying explicit and tacit knowledge to create unique value that can be used to achieve a competitive advantage in the marketplace by an organization" (Chan et al., 2007).

Models of knowledge management

In a model provided by N. sunassee and D.sewry A, they propose a knowledge life cycle of six steps:

- Creating new knowledge
- Identifying knowledge
- Verifying selected knowledge
- Capturing and organizing knowledge

- Disseminating and using knowledge and finally
- Combining new knowledge and reevaluating assumptions to create knowledge (Alhwari 2012).

In another model which Ahmadi and his team used in their research knowledge management includes: a) Knowledge creation, b) Knowledge capture, c) Knowledge sharing, d) Knowledge access, e) Knowledge application (Ahmadi, et al., 2012).

Importance of applying Knowledge management

According to Gandhi (2004) the most important reasons in knowledge management application are as follow:

- Increase collaboration
- Improve productivity
- Encourage and enable innovation
- Prevail on too information and deliver what is necessary

- 5) Facilitate suitable knowledge flow from producers to recipient without time and pace limitation.
- 6) Facilitate sharing knowledge among employees and prevent them from reading.
- 7) Record employee knowledge before they leave organization
- 8) Increase organizational awareness through knowledge gaps of organization
- 9) Develop Services (Gandhi 2004)

Empowerment

At first we take a look at empowerment definition in the literature. Oxford concise dictionary defines empower as “power, giving permission, empower and enabling”. This word connotes power and freedom in controlling self and in organizational level means change in culture and courage in establishment and direction of an organizational environment. In other words, empowerment used to be the planning of organizational structure in a way that besides self control, employees get ready to accept more responsibilities. (Ghale hasan 2012)

A number of empirical studies have supported the notion that empowerment can be productively viewed as a dyadic relationship between a supervisor and an individual subordinate. For instance Keller and Dansereau provided evidence that empowerment related leadership practices are individualized at the subordinate level (Xiameng, Kathryn M. Bartol 2010).

Empowerment perspectives

There are two aspects of empowerment: “empowerment as behavior of a supervisor” who empowers his/her subordinates and the other is the psychological state of a subordinate” resulting from his/her supervisor’s empowering.” As suggested by lee and koh (Ayob 2011).

Tariq khan (2011) in his paper indicates that empowerment is based on two perspective namely structural perspective and psychological perspective. Heller (2003) asserted that structural empowerment focuses on empowering management practices such as delegation of decision making from upper to lower levels of organization. (Tariq khan, et al., 2011)

Thomas and velthouse defined psychological empowerment by specifying a more complete set of task assessment (meaning fullness, competence, choice, and impact) that determine intrinsic task motivation in workers (Thomas and velthouse, 1990).

Psychological empowerment which involves employee participation is a complex management tool that over 50 years of research has proved, when applied properly, can be effective in improving performance, productivity and job satisfaction.

Psychological empowered relates to how competent or capable people feel in an empowered work environment (Ayob, 2011).

Aspects of empowerment in different models

From research of sprietzer (1992), Thomas, velthous (1990) and Gange, et al (1997) four aspects of empowerment are:

- a) Autonomy; defined as a sense of freedom in making choices and the resulting feelings of personal responsibility for these choices..
- b) Competence; defined as the belief in one’s ability to perform a job successfully.
- c) Meaning fullness; defined as the perceived value of one’s job in relation to ones personal beliefs, attitudes, and values, and
- d) Impact; defined as the belief that one is producing intended effects and has control over desired outcomes through ones task behavior (Tariqkhan, 2011).

According, to hasan and Thamizhanii (2010) four characteristics i.e. knowledge, communication, trust and incentives are predicted to have an influence on the empowerment, by giving them these four characteristics, By knowledge they would feel their work has meaning and will gain competence as well (hasan and Thanizmanii, 2010).

Empowering will lead to organizing the internal motivations in our subjects and encourage them for more corporation indecision making. Aspects of Empowering: according to Brown and Lowler, when 1) Power, 2) information, 3) knowledge and 4) rewards are distributed in the organization, it is empowered (Abdollahi et al 2011).

Knowledge management and Innovation

The importance of innovation for success at the firm and national level has been demonstrated. The essential contributions from knowledge practices and their critical role in innovative firms have been identified (Matthews, 2003).

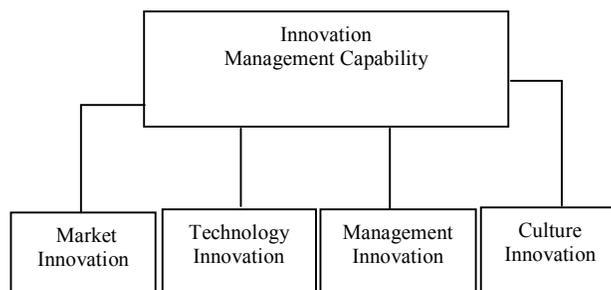
Plessis (2007) stated that innovation depends upon knowledge. So, to bring innovation, organizations must identify knowledge capability, and richness.

Organizations that rapidly capture and implement new knowledge across the organization can be able to foster innovation as compared to those organizations that don’t focus on this aspect (Cavusgil et al., 2003).

Knowledge management also helps the organization to articulate tacit knowledge in the form of explicit knowledge and this is a strong base to bring innovation (Plessis, 2007).

Knowledge management focuses on this neglected area because in this competitive era organizations compete not only on the basis of efficiency and effectiveness but its success also depends upon how particular organizations identify, gather, manage, integrate, share and disseminate relevant knowledge to their human capital to bring innovation (Akram et al., 2011).

Pang-Lo Liu and Chih-Hung Tsai (2009) in their paper find out that there are relationship between the knowledge management capability, knowledge Absorption capability and innovation management capability (Pang-Lo Liu and Chih-Hung Tsai (2009). In their research the aspects of Innovation are as follow.

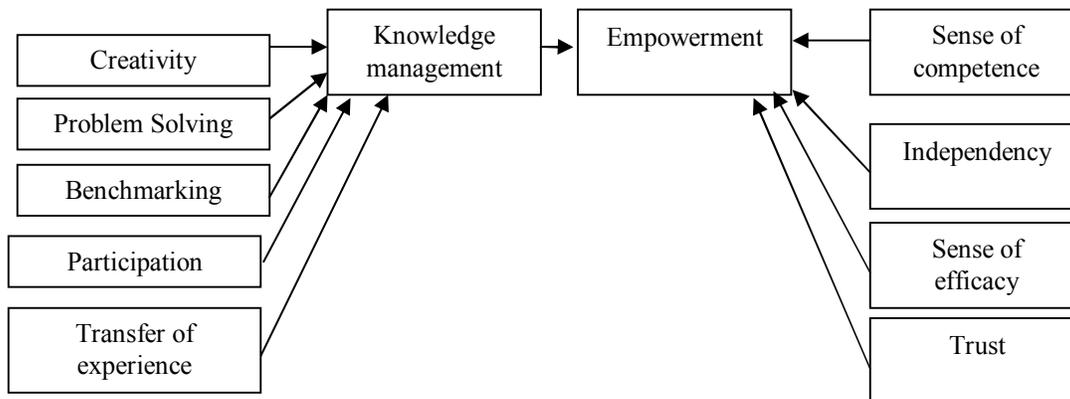


Knowledge management and empowerment

In our age of knowledge, the development of information technology and communication has changed the industrial and business communities so that they need to look after this means to cope with the present conditions. Once the organizations were looking for information and knowledge management as a recent concepts and methodologies is used for

creating, facilitating and sharing knowledge by education to improve the quality of human resources (keyvani et.al 2011).

In order to the model which Hasani ghle hasan used in his research Diminutions of knowledge management and Empowerment shows as below (Hassani, 2012).



Empowerment and Innovation

Organizations can develop the collaborations across the organizational boundaries to bring the innovational to get the sustainable competitive advantage. This collaboration helps the organization to approach the new knowledge that can be helpful to fill the knowledge gap with in the organization. This collaboration ultimately brings the innovation in to the organization and this collaboration can reduce the risk and cost to bring innovation. (Akram et al., 2011)

According to Hasan and thamizhmanii (2010) innovation can thrive when collaboration take place

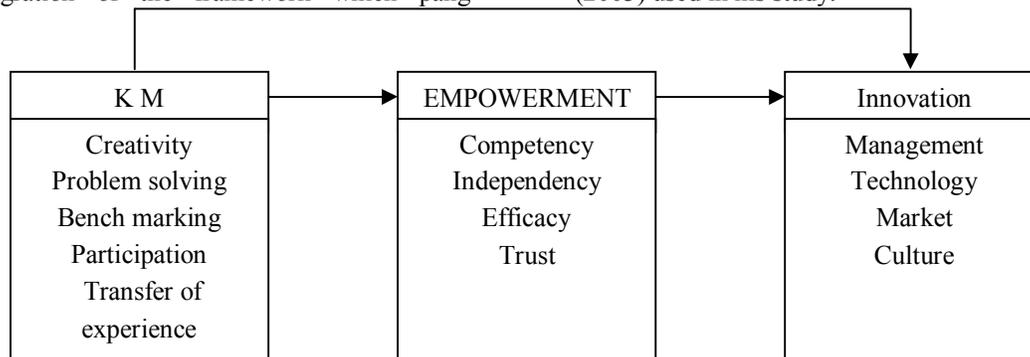
and collaboration can occur best when teams are empowered. They believed that it was proved that 30 percent to productivity is increased by empowerment. (Hassan and Thamizhamanii 2010)

Many experts researches indicate that creativity gains may be boosted if an employee is willing to spend the time and effort necessary to thoroughly identify a problem, search for extensive information, and generate multiple ideas from different perspective that is engage in an effective creative process. (xiqomeng zhang, 2010) finally innovation is the result of creative process.

Conceptual framework

The suggested conceptual model in this paper is the integration of the framework which pang-

Lolivand chin-Hung Tsai (2009) used in their research and the framework that Hasani ghale hasan (2003) used in his study.



For empowerment this framework suggested the aspect that sprietzer (1992), thomas and velathouse (1990) and Gange (1997) represented: 1-Alitonomy, 2-competence, 3-meangfulness, 4-impact.

Conclusion

In conclusion, It can be said that knowledge management systems have a distinctive contribution in the development if sustainable competitive advantage through innovation. (Adam sand Lamobt, 2003)

Knowledge management and innovation configuration determine how the firm can capitalization and create new knowledge, providing context where in new product development efforts are designed, developed and completed (shani et. al, 2003)

According to plessis studies (2007) it is clear that knowledge management plays a significant role in innovation.

Knowledge management facilitates collaboration. Also through knowledge management and knowledge flow, staff members are able to increase their skills levels and knowledge. (Plessis, 2003)

According to the studjes of Ghale Hasan (2012) human resources empowerment possesses a direct and meaningful relationship with knowledge management. . (Ghale Hasan, 2012) It is recommended that senior managers seek to establish organizational creativity and participations through managerial

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