



The Extent to Which the Creation, Sharing and Utilization of Knowledge is Central to Resource Based View of Competitive Advantage, A Critical Evaluation.

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1. Introduction

According to Dasgupta and Gupta, continuous learning is the only way to deal with a changing environment in Organizations. They have also pointed out that the level of the Company's competitiveness, innovativeness and product introduction success increases when the learning ability of a Company is higher. There are social and economic challenges which the organization faces. In order to tackle and cope up with these challenges, the organization must have an expansive spectrum of competence that included knowledge. The profundity and assortment of this knowledge can be enhanced through continuous learning (Dasgupta and Gupta, 2009, p.207).

Dasgupta and Gupta have described the phases of learning process in to four steps. (1) The identification of relevant information that is necessary for learning and new knowledge creation. (2) The sharing and dissemination of knowledge either from individual to the group or at the group level itself. (3) Knowledge incorporation in to the existing system of the Organization knowledge procedure and rules at individual or group level in order to make the implementation of the system can take place. (4) Lastly, the application of the new knowledge in to the routines of the organization to make change on the organizational behavior (Dasgupta and Gupta, 2009, p.208).

They used two perspective researchers to elaborate the key processes of learning which have been stated above. The works of Anderson and Boocock (2002), and Nonaka (2000) in the one side and the works of Yeung, Ulrich, Nason, and Glinow (1999) in the other side. As cited by Dasgupta and Gupta, the first researchers` suggest that communication channels are the key elements in the organizational learning. This communication channels help individuals to make question instead of relying on unapproachable implicit knowledge. In the other side of suggestion, organizational learning depends on the strategic options. According to this suggestion there is no one way of learning styles-the preferred learning styles changes with the strategy of organization. In addition to these two perspective researchers`, there was also another dimension of new learning perspective by Wilson (2007). According to this perspective, there is a concept of 'Learning With'-creation of new knowledge through collaboration and active

process rather than on the recycling of existing knowledge which introduced by the former researchers (Dasgupta and Gupta, 2009, p.208).

Although, knowledge is created in a manner that discussed above in different perspectives, it should be shared and utilized correctly to bring the desired competitive advantage. Asper Dasgupta and Gupta“innovation is a prerequisite for competitive advantage” (Dasgupta and Gupta, 2009, p.206). To share and utilize knowledge in a manner that change taken in to account in the organization ‘Knowledge Management’ is a crucial concept as it is addressed in most literatures. Without sound knowledge management it is difficult to achieve innovation which comes from the application of new ideas (Dasgupta and Gupta, 2009, p.216).

In this short thesis we cover the extent to which the creation, sharing and utilization of knowledge is central to competitive advantage. As explained earlier the competitive advantage achieved through innovation. To successfully result for the desired innovation, new knowledge should be created, shared and utilized so that we need to have a proper utilization of this resource-knowledge management. Through knowledge management we are going to cover the four pillars of knowledge management and organizational learning-organization structure, organizational culture, technology and leadership skills (Dasgupta and Gupta, 2009, p.216). These pillars support knowledge management and organizational leadership by excavate tacit knowledge, which is in the minds of the knower, difficult to manage (Luthans and Youssef, 2004, p.7).

2. A Resource-based View of Knowledge Management and Competitive Advantage

There is one perspective which leads to the ideology of ‘knowledge management’-the ability to use ‘existing knowledge’. According to this perspective; the key objective is not the existing knowledge which leads to competitive advantage but it is the ability of using this knowledge to create another new knowledge. The knowledge might be gained either from internal or external or both, however, how it is created, shared, and stored for future use is a key question. Following this perspective the importance of knowledge management became crucial (Dasgupta and Gupta, 2009, p.208).

As defined by Silvi and Cuganisan“knowledge management is seen as the process of managing the intellectual capital of an organization” (Silvi and Cuganisan, 2006, p.4).

“Knowledge management is the set of processes that seeks to change the organization`s present pattern of knowledge processing to enhance both it and its knowledge outcomes” (Firestone and McElroy, 2004, p. 181). As a system it promotes mutual environment for creating and sharing existing knowledge, generate new knowledge, installs ways to apply the newly gained knowledge in its effort to achieve the strategic goals. In the context of the Organization, it is the knowledge of customers, services/products, product processes, errors, and achievements (Dasgupta and Gupta, 2009, p.208).

As a strategy knowledge management can be categorized in to two strategies; personalization strategy and codification strategy. According to personalization strategy, the developed knowledge is intimately associated to the individual who developed it. On the other hand, according to codification strategy, knowledge can be right to be used and consumed readily by everyone in the organization as it is cautiously codified and accumulated in databases. So that, through this simplified management strategy, managers can use the knowledge to anticipate problems and challenges, research, and innovate. The effect of knowledge management systems relates directly on the performance of the innovation ability of the organization either through better product or better processes (Dasgupta and Gupta, 2009, p.209).

In the context of resource-based view of relevant learning, Moingeon and Edmondson delineated that knowledge and skill as a legitimate firm specific resource (Moingeon and Edmondson, 1996, p.9). They pointed out that effective management of the development and empowerment, information sharing, training and cross-training people is a more important determinant of competitive advantage than industry analysis and structure (Moingeon and Edmondson, 1996, p.11). On the other side, Silvi and Cognisan delineated the problematic nature of knowledge management. Striving to create economic value through the management of knowledge processes and intellectual capabilities is a difficult part largely due to the fluid nature of knowledge. Intellectual capabilities can have negative vale consequences, giving rise to intellectual liabilities, or alternatively orphan knowledge, if these knowledge side-lined and under-utilized in organizational activities. The characterization of knowledge type in terms of tacit knowledge and explicit knowledge is informative. Arguably tacit knowledge is difficult to mobilize in the activities of the Organization, resulting for difficulties of value creation. Thus, the extent to which knowledge management bestows competitive advantage depends on the type of knowledge implanted in the organization`s activities (Silvi and Cuganisan, 2006, p.4-5).

Therefore, the extent to which knowledge utilization for the creation of competitive advantage is dependent on the knowledge specificity and knowledge types. As a result the effectiveness and efficiency of knowledge management is under consideration of this question (Silvi and Cuganisan, 2006, p.5).

From the resource based perspective, knowledge management related resources have been identified by different knowledge management researchers. These resources serve as potential source of competitive advantage (Chuang, 2004, p.460). These resources are classified in different categories by different researchers. According to Dasgupta and Gupta, they are classified in to four; organizational culture, technology, organizational structure, and leadership skill (Dasgupta and Gupta, 2009, p.216).

2.1 Organizational Culture

According to Ndlela, better organizational learning to be fostered building a better environment and culture is a pillar. Ndlela has also assessed the importance of corporate culture in establishing a knowledge management program in the Organization (Ndlela, 1999, p.18). As defined by Dasgupta and Gupta, organizational culture is a set of beliefs and values that would be shared by employees of the organization (Dasgupta and Gupta, 2009, p.209). Despite its importance it can be an obstacle for the organization if the culture is not built and managed in a way that fosters organizational change (Ndlela, 1999, p.30). Dasgupta and Gupta have set-out the extent to which knowledge management can be enhanced through better organizational culture (Dasgupta and Gupta, 2009, p.209-215).

2.1.1 Developing and Managing Intellectual Capital

From the perspective of Dasgupta and Gupta, educational background, training, innovation capabilities, past experiences, personal development, and motivation of employees in the organization are key intellectual capitals. Creating such capabilities in the human capital of the organization improve the innovation and make the organization to be in a better position to face the rapid changes in the competitive environment. Those key intellectual capitals also enhance the problem solving capabilities of knowledgeable workers. New knowledge can be gained from authorized and emphasized training which in turn leads to innovation and change management. Willingness to share knowledge came from knowledge self-efficacy and enjoyment through

helping others. In order to create self-efficacy and willingness to share knowledge, the organization should built confidence and competence in its employees. These built confidence and competence integrated through supportive and encouraging environment which motivates employees to communicate each other. The motivation of employees to communicate each other achieved through incentive schemes and rewards. Vis-à-vis the communication of employees each other, it also augments the spirit of teamwork. Furthermore, it helps employees to identify the correct fit of position. These created learning environments would promote the creation, sharing, and application of knowledge to the work routines and processes. Overall, in order to create values and beliefs through innovation, investing adequate time in employees to reveal and grant relevant knowledge required for suitable innovations. In combination with the existing knowledge, reflection practices are deep-seated manners in which knowledge can be formed (Dasgupta and Gupta, 2009, p.209-210).

2.1.2 Developing a Participative and Learning Climate

A participatory form of culture that which is flat, has open communication channels, supports participation and involvement in decision making, develops sharing of information, is favorable to a good knowledge management practice, and advances innovation (Dasgupta and Gupta, 2009, p.210).

A continuous learning culture helps to inquire not only the information processes but also whether it is applied to innovation or not. Rotation of job, interdepartmental collaboration, and assignment of responsibility promote adaptive learning and innovation (Dasgupta and Gupta, 2009, p.210).

2.1.3 Changing Mind-Set of People and Inculcating Trust

Organization needed to create element of trust in its corporate culture among employees. Without a trust culture employees does not cooperate each other which are a failure of innovation since there is no knowledge creation and transfer. Internal amalgamation and coordination are the main functions of corporate culture. In a multinational organizations integration and coordination characterized by cultural and linguistic diversity where employees from different cultures and languages amalgamated to enhance processes and exchange information (Dasgupta and Gupta, 2009, p.210).

However, in multinational organizations, there are negative effects of cultural diversity which need to be mitigated. The negative effects can be mitigated through exploiting ideas and innovation variances, using cross-functional and multinational project and management teams with technical, demographic, and ethnic diversity (Dasgupta and Gupta, 2009, p.210-211).

Another important element in organization culture is care. Care creates mutual trust, empathy, courage, lenient judgment in the team, and helping each other within the team. These cultural elements in turn foster knowledge and innovation (Dasgupta and Gupta, 2009, p.211).

2.1.4 Effective Communication

To have information in the organization ideas and opinions need to be captured. The only way to capture these ideas is effective communication. According to Dasgupta and Gupta, this effective communication is a prerequisite for innovation. Which means in order to be innovative and able to respond to rapidly changing environment, communication and exchange of ideas must be installed at all levels. The employees' creativity increases with the availability of heterogeneous knowledge and expertise knowledge. Distance is also another wall for effective communication. While distance between employees increases the probability of effective communication lessens. Therefore, organization needs to optimize the distance among employees through efficient space management (Dasgupta and Gupta, 2009, p.211).

For sustainable growth and competitiveness to be achieved, maintaining external communication with various stakeholders and integrating with the existing knowledge of the organization is nonnegotiable. It also facilitates for build up new and innovative competitive advantage and synergistic innovation capability. To better deliver value adding products to customer, effective communication and knowledge of customers' interest helps to interact with customers and co-producing. Similarly, interacting with suppliers through effective communication increases joint innovation. In addition to these points, informal set of connections which are consisted of social and personal relations among persons lead to knowledge assimilation and increased competitive advantage (Dasgupta and Gupta, 2009, p.212).

2.1.5 Organizational Memory

The organization's ability to learn is highly influenced by the existing knowledge base of the organization. Reinventing the wheel is not the means rather creating a culture of exploiting the existing knowledge enhances organizational learning and competitive advantage. Although, the extent to which the integration of new knowledge with the existing knowledgebase determines the capability of the organizational learning (Dasgupta and Gupta, 2009, p.212).

2.2 Technology

According to Kearns and Lederer, the use of technology is a performance variable in a competitive advantage. In the resource-based view of competitive advantage, advanced technology based strategies can lesser product costs, generate product differentiation, augment customer leveraging costs, struggle competitors, and elevate market entry barriers (Kearns and Lederer, 2003, p.9). Since the technical systems in the organization determine how knowledge travels throughout the enterprise and how it is accessed technology nowadays become an engine of knowledge management and organizational learning (Dasgupta and Gupta, 2009, p.212). However it depends on the innovation dedication and innovation stance whether included in the technology policy of the organization. The policy and commitment occupies like technical human resources, assigning finance for new technological advancement, and sustaining a habit of being at the vanguard of a technological spot in a meticulous industry (Dasgupta and Gupta, 2009, p.212).

According to Chuang, an organization's technical knowledge management resource has been depicted as most important business resource and a key basis for achieving long-term competitive advantage (Chuang, 2004, p.460). Technology instruments like internets, databases, electronic meeting systems, video conferencing, neural networks, etc. are enablers of knowledge and boosters of innovation. The management of information technology helps to convert tacit knowledge to explicit knowledge so that the probability of sharing knowledge increases and improves innovation performance. Future rapid changes, advancements, accumulations to the process reproductions would be facilitated by appropriate outline of knowledge management

system. Summarized below are some of the technology instruments of knowledge management (Dasgupta and Gupta, 2009, p.212).

| Table 1 Technology Tools for Knowledge Management | |
|--|---|
| Tools Category | Tools |
| Hardware Technology | Investment in information technology (IT) Networks Intranet |
| Software and Database Tools | Knowledge based systems Collaborative hypermedia for documentation of discussions Learned lessons databases Data Warehouses Databases for classification, codification and categorization of information Storage of e-mail threads to create a repository of best practices Corporate memory databases also known as knowledge archives Corporate Yellow Pages Employee home pages on an intranet |
| Collaboration Tools | Electronic meeting systems Groupware Video conferencing Electronic bulletin boards |
| Intelligent tools | Decision support tools using neural networks Virtual reality Genetic algorithms Intelligent agents Internet search engines Knowledge mapping |

Source: Dasgupta and Gupta, 2009, p.214

2.3 Organizational Structure

As Chuang delineated, organizations with strong structure knowledge management resources are (1) more effective in the integration of knowledge management and planning processes (2) build up dependable and innovation application that sustain the business needs of the firm more rapidly than competition (3) forecast future business wants of the firm and innovate important new product features earlier than competitors (Chuang, 2004, p.461).

As defined in Dasgupta and Gupta, structure is rules, policies, processes, reporting hierarchy, departmental boundaries, and incentive systems (Dasgupta and Gupta, 2009, p.214). as per Dasgupta and Gupta organization with pyramidal structures has no longer protect their knowledge but should create learning relationships which cross the organizational boundaries and geographical locations. The learning networks would enable them to be more alert and receptive to innovations. As they have outlined without the alignment of knowledge management with the organization structure, the effect of knowledge management strategy on innovation cannot be successful. In combination with centralization and technocratization organization structure, personalization strategy would promote innovation. On the other hand, codification strategy would be successful in a structure of technocratized organization (Dasgupta and Gupta, 2009, p.214).

Short product life cycles, rapidly changing environment and volatile customer demands have made the organization in to a learning process. In order to cope up with these rapidly changing business environment, speed and flexibility are a must which came out from learning and innovation. To survive in the learning and innovation life fostering the environment of learning structures should be done through continuously leveraging and advancing the knowledgebase of the organization (Dasgupta and Gupta, 2009, p.214-215).

2.4 Leadership Skill

Even the other knowledge managements have fulfilled, without effective leadership new ideas, new innovations, effective coordination among employees and subordinates, and competitive advantage cannot be enhanced. Skilful leader, who promotes innovative thinking, fosters learning among employees, coordinate and integrate knowledge management in the organization culture, technology, and structure required. Allocation of challenging tasks to subordinates, supporting them if they get stack, and recognizing for the accomplishments are result for individual innovativeness and better relationship between the leader and the subordinate(Dasgupta and Gupta, 2009, p.215).

An efficient leader not only serve as a role model, but also approaches vision of innovation, provide subordinates adequate authority to decide independently to perform a job, supports when need arises, give feedbacks and reflect appreciation for innovative accomplishment. This type of leadership skill realizes the importance of learning and fosters a culture that develops creation, sharing and utilization of knowledge for the achievement of innovation and competitive advantage (Dasgupta and Gupta, 2009, p.215).

3. Conclusion

As a prerequisite of competitive advantage, organizational learning is a critical and a blood vessel of every organization. Without learning an organization cannot be adaptive to rapidly changing environment. Since today`s and future business is extremely changing with the needs of customers, technological advancement, high level of competitors, and short product lifecycle knowledge and innovation are a cutting edge. The extent to which the creation, sharing, and utilization of this knowledge is the central to competitive advantage. If knowledge is not managed in a way that advantages the organization, it is difficult to respond to highly competitive environment. In order to create, transfer, and utilize knowledge in a way that fosters innovation it should be managed. Intellectual capital of the organization is a major intangible resource that creates the knowledge. The knowledge management system in alignment with organizational

culture, structure, technology, and leadership skills bring organizational learning, innovation and competitive advantage.

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