Organizational Capacity, Organizational Motivation, External Environment and Knowledge Transfer and Sharing: A Conceptual Framework

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Abstract

In times when the Multimedia Super Corridor (MSC) in Malaysia is designed as a catalyst for growth in achieving fully developed status by the year 2020. The MSC has a task of transforming Malaysia into knowledge based society. To this end, this paper presents a basic investigation on knowledge transfer and sharing in MSC status organizations by suggesting an integrated model which includes: organizational capacity, organizational motivation and external environment to facilitate knowledge transfer and sharing. The objective of this paper is to understand and assess the current practices of knowledge transfer and sharing in MSC status organizations by using SECI approach. This paper also highlights findings from its pilot study. Preliminary discussion and recommendations are posted toward the end of this paper.

Keywords: Organizational capacity, Motivation, External environment, Knowledge transfer and sharing, SECI, Malaysia.

Contribution of Study

This study is one of very few studies which have investigated knowledge transfer and sharing in MSC status organizations. Therefore, it contributes to provide better understanding by including the overall factors that affect knowledge transfer and sharing to achieve phase three 2011-2020 and compete locally and globally in business environment.

1. Introduction

It has been widely known that the competitive advantage of organizations in today's economy occurs from knowledge assets (Wei et al., 2009) which are determined as a process of creation and sharing knowledge effectively to increase organization effectiveness. This is based on the fact that knowledge assets have been linked to the organizational achievement as it is the source of competitive advantage (Nonaka and Toyama, 2003; Wei et al., 2009). Therefore, organization's effectiveness can be improved through transferring and sharing useful knowledge. This is because knowledge plays an important role in creating competitive advantage in the organizations (Daud and Yusuf, 2008; Zack et al., 2009).

However, it is also crucial to note that a sustainable economic development in a highly competitive world markets requires a direct involvement in the generation of knowledge (Wei et al., 2009). In this respect, Malaysia has experienced continuous transformation in economy (Daud and Yusoff, 2011). For instance. In 1960, Malaysian depended on agricultural economy; in 1970s, manufacturing industry, and two decades later, in 1991, the then Prime Minister of Malaysia, Tun Dr Mahathir Mohamad emphasized that it is necessary to transform and develop Malaysia economy towards a knowledge based economy in order to achieve vision of 2020 (Yap et al., 2010; Daud and Yusoff, 2011). Moreover, the establishment of the Multimedia Super Corridor (MSC) in 1996, started to change Malaysia from a production based economy to knowledge based economy. According to Daud (2012) this shift is to achieve Malaysia's long term strategy to accomplish vision of 2020. Therefore, The main function of MSC status organizations is to put Malaysia into the information and knowledge age, which has three phases, namely phase one 1996-2003, phase two 2004-2010, phase three 2011-2020 (Khoo, 2009; Yap et al., 2010).

According to Ramasamy et al. (2004) and Said et al. (2012) phase three is a challenging task for MSC status organizations as it deals with transforming Malaysia into a knowledge based society. In order to enhance MSC’s competitiveness, it is important to have a functional knowledge transfer mechanism which can improve their effectiveness by...
providing appropriate practices of knowledge sharing and knowledge transfer because they lead to the product development by enhancing the organizational learning (Daud and Yusoff, 2011). Thus, this paper aims to enlighten and suggest some organizational factors which may enhance knowledge transfer and sharing. This paper also intends to promote organizational factors which are: organization capacity (top management support, organizational structure, learning strategy, human resource practices), organizational motivation (culture, rewards), and external environment (information technology, networks) as inputs and mechanisms that examine direct and indirect effects on knowledge transfer and sharing to facilitate inter and intra group relationships in MSC status organizations. Eventually output refers to the influence of organizational capacity, organizational motivation, and external environment on knowledge transfer and sharing.

2. Problem Statement

The main purpose of this paper is to apply knowledge transfer and sharing processes which can be accomplished through different ways such as, information flows, seminars, and conversations. To enable MSC status organizations to create, use and manage knowledge dynamically in order to be knowledge based society to enhance the vision of 2020. From this, there is a need for a smooth transition from a labour and technology intensive economy towards a knowledge based economy. To this end, literature has mentioned that the organizations in Malaysia are not committed to apply knowledge sharing and less attention been paid on knowledge transfer and sharing (Yusof et al., 2012). Because they applying it in different ways as traditional activities such as, communicating information by using face to face meetings.

Further, the Malaysian organizations have received limited studies on knowledge transfer as most studies are only focusing on general knowledge management (Ikhhsana and Rowlandb, 2001; Syed-Ikhsan and Rowland, 2004; Wei et al., 2009; Yusof and Ismail, 2009; Burke et al., 2011). Prior studies which conducted by Hamid and Salim (2011) and Wei et al. (2009) stated that organizations in Malaysia have not addressed the necessity of organizational learning as it is the context of creating knowledge because of the lack of understanding and focus on it and its relations to the outcomes.

Thus, the unsuccessful knowledge transfer and sharing is one of the principal reasons for failures (Abdul Hamid and Salim, 2010). These failures might be resulted from the influencing factors which are related to knowledge transfer and sharing such as, lack of top management background in managing ICT projects, organizational structure inflexible to face a dynamic environment, lack of learning strategy, lack of focus on human resource practices by top management, lack of focus on rewards, unsupported culture and environment, lack of adoption and utilizing technology in doing business, and lack of communication skills and networks between individuals, groups and organizations.

Further, by incorporating all variables, the conceptual framework in this paper will bring a clear understanding to both sides: practitioners and policy makers to understand the influence of organizational capacity, organizational motivation, and external environment on knowledge transfer and sharing in MSC status organizations.

3. Literature Review

3.1. Knowledge Transfer and Sharing

Knowledge is defined as a justified belief which can increase capacity of members to take the right action. Even though knowledge is explicit or tacit, or both, but the effectiveness of it, is depends on the organizations outcomes (Ko et al., 2005). This is supported by Walczak (2005) assertion that tacit knowledge refers to the person cognitive and experience. On the same ground, explicit knowledge is considered as external to a person including documents, electronic databases and files of an organization. Based on this, Nonaka (1994) suggested that knowledge creation consists two dimensions, namely ontological and epistemological. The epistemological dimension is divided into tacit and explicit knowledge. While the ontological dimension refers to the interaction between individuals and organization (Nonaka, 1994). Moreover, the interaction between these kinds of knowledge leads to create new knowledge. The combination of the two dimensions makes it possible to conceptualize four stages of knowledge conversion: Externalization, Combination, Internalization and Socialization (SECI) as described by (Nonaka, 1994; Akhavan et al., 2013). From this, knowledge receiver is the basis of knowledge transfer process who must have enough capabilities to learn and apply the right knowledge. In a similar vein, knowledge transfer process usually include social interaction whether from direct interaction or from practical interaction (Hamid and Salim, 2011). Additionally, the exchange process involves two acts: the act of delivering knowledge by the source, and the act of receiving and using knowledge by recipient. In the absence of any act the process of transfer is incomplete (Kumar and Ganesh, 2009). In this respect, Hamid and Salim (2011) classified two procedures which are by personal procedures for instance, training, jobs rotation, interactions with customers. On the other hand, technology procedures for instance, learning and business intelligence system.

In this regard, in the Malaysian context, knowledge transfer is based on using staff training, meetings, standard operating procedures, manuals and databases where most of
transferring knowledge processes is the implication of strategic alliances, joint ventures, mergers and acquisitions Hamid and Salim (2011). Al-Salti and Hackney (2011) stated that knowledge transfer and sharing is the best way to develop individuals and groups effectively by increase their skills and value (Mills and Smith, 2011). Further, Simonin (1999) emphasized that knowledge transfer is to learn from each other’s experiences. Pak and Park (2004) investigated knowledge transfer in cross-border joint ventures in Korea and found that such collaborative alliances provide a learning environment were the two partners enjoy the exchange of new knowledge and skills.

Knowledge transfer and sharing usually occurs in the organizations when the individuals and groups combine external knowledge with the internal one to improve their decisions and resolve problems. Because the success of knowledge transfer and sharing is depends on the characteristic of the knowledge itself and the ability of the receiver to absorb and utilize it. Moreover, different cultures, structures and goals between the source and the recipient of knowledge can prevent knowledge transfer (Al-Salti and Hackney, 2011). In this regard, numerous of factors have been studied by the researchers and contribute to the success or impede knowledge transfer and sharing.

<table>
<thead>
<tr>
<th>Study</th>
<th>Motivator factors</th>
<th>Inhibitor factors</th>
</tr>
</thead>
</table>
| Timbrell et al. (2001) | Source transfer willingness | • Knowledge causal ambiguity  
• Lack of source motivation  
• Lack of recipient motivation  
• Lack of absorptive capacity of the recipient  
• Lack of recipient retentive capacity |
| Ko et al. (2005) | Recipient motivation  
Recipient absorptive capacity  
Source communication  
Communication competence | Knowledge tacitness |
| Pardo et al. (2006) | Trust  
Incentives | Knowledge complexity  
Knowledge tacitness |
| Gosain (2007) | Information technology  
Learning strategy  
Trust culture  
Flexible structure and design | |
| Rhodes et al. (2008) | Source communication  
Encoding capability  
Source transfer willingness  
Recipient absorptive capacity  
Recipient communication  
Decoding capability | Knowledge causal ambiguity  
Knowledge tacitness  
Arduous relationship |
| Xu and Ma (2008) | | |
| Ismail and Yusof (2010) | Awareness, Trust, Personality | |

In the Malaysian context, it is planned to transform the economy to a knowledge-based economy in order to achieve vision of 2020 (Yu, 2003). To do so, this paper incorporates several factors to investigate the role of knowledge transfer and sharing in MSC status organizations, and the links between these factors and knowledge transfer and sharing. In other words, this paper intends to explain the relationship between organizational capacity, organizational motivation, external environment, and knowledge transfer and sharing to have a clear understanding on the organizational factors that influence knowledge transfer and sharing. The subsequent issue will be discussed on the related factors.

3.2. Organizational Capacity

Organizational capacity has been determined as the ability of an organization to use its resources to achieve outcomes (Lusthaus et al., 1995). In other words, organizational capacity describes a wide range of capabilities to achieve its mission effectively and sustain itself over the long term (Lusthaus et al., 1995; Lusthaus et al., 2002). According to Lusthaus et al. (1995) and Lusthaus et al. (2002) resources of organizational capacity involves several relevant dimensions: top management support, organizational structure, learning strategy and human resource practices (Wei et al., 2006; Rhodes et al., 2008; Singh, 2008; Wei et al., 2009; Birasnav et al., 2011; Donate and Guadamillas, 2011; Jabar et al., 2011). These components are defined as a crucial resources and capabilities in enhancing organizations mission to steer knowledge transfer and sharing as it is emerged in the previous studies (Lin, 2007; Rhodes et al., 2008; Singh, 2008; Donate and Guadamillas, 2011).

Top management support is one of these resources which considered as the capability of managers to influence their subordinates to enhance efficiency to attain
organizational objectives (Fry, 2003; Timothy et al., 2011). Because the efficiency of top management create positive impact on individuals and organization overall, by encouraging and motivating employees to increase their abilities (Aboyassin and Aboud, 2013). Accordingly, top management support can influence organizational members and management activities by supporting knowledge among organization (Yu et al., 2004). This is in line with Wei et al. (2009) assertion that top management refers to the ability of an organization to link knowledge management behaviours with the organizational strategies, exploit the opportunities, promote the values of knowledge, communicate the best strategies, facilitate learning organizations to enhance knowledge (Wei et al., 2009). Because less commitment and support from top management leads to unsuccessful knowledge activities. Further, lack managerial direction can limit knowledge sharing practices in terms of facilitating the opportunities to get and learn new knowledge by training, sharing and updating new ideas and thoughts at all organizational levels (Riege, 2005). It is evident also by Chawla and Joshi (2011) that organizational structure and levels of management play an important role in the organizations. Rhodes et al. (2008) stated that organizations are associated with a dynamic environment, so it is critical to utilize various structures to enhance knowledge management in the organization. From this, the success of creating knowledge is depends on the characteristics of organizational structure. Means that the structure of organization must be less centralized less formalized to facilitate creating, transferring and sharing knowledge. The findings by Wei et al. (2006) and Rhodes et al. (2008) and Wei et al. (2009) revealed that flexible organizational structure has the ability to share information and knowledge among teams and individuals which are facilitate the formulation of a knowledge map (Wei et al., 2006; Rhodes et al., 2008; Wei et al. 2009). In the flexible environment, organizational structure affects people and their interactions which may affect and facilitate transfer of knowledge among groups and individuals as well. Accordingly, organizational structure has the ability to influence knowledge creation, transferring and sharing amongst employees (Wei et al., 2006).

Further, the empirical study by Jun-ying (2010) shows that learning strategy has positive link with organizational improvement, this means that organizational learning can improve common values and behaviours of the organization. This is because of the ability of organizational learning to learn from others and share knowledge within the organization which, in turn, contributes effectively on managing knowledge transfer and sharing Rhodes et al. (2008). Jabar et al. (2011) argued that organizational learning is to create, store and apply new knowledge. In this regard, learning strategy is about empowering and motivating learning processes in MSC status organizations.

It has also been reported that human resource practices is an area of increasing the effectiveness of organizations, by encouraging and supporting knowledge creation practices (Cho et al., 2013). From this, Donate and Guadamillas (2011) argued that human resource practices support knowledge management and strongly related to member’s behaviour, attitude and performance. In specific, the role of human resource practices as a function is to provide supportive work climate to facilitate learning among individuals by offering internal opportunities, for instance, provide training and rewards (Cho et al., 2013). Based on this, there are many practices such as performance related pay, internal and external company training which allow interaction between employees, exchange ideas, transfer and apply new knowledge (Donate and Guadamillas, 2011). Hence, it is important for an organization to manage the individuals to enhance their knowledge (Lee and Choi, 2003). In this regard, the employees are more expected to have positive attitudes toward knowledge transfer when the organization provides the appropriate programs. Because, individual attitudes play a crucial role in applying knowledge transfer practices (Shiu et al., 2010).

3.3. Organizational Motivation

Organizational motivation represents the basic motives that drive individuals and organizations to achieve its objectives (Lusthaus et al., 1995; Lusthaus et al., 2002). This state basically is about the understanding the processes that direct members in order to enhance organizations efficiency (Bang et al., 2012). To further understand knowledge transfer and sharing the present study adopts two basic motives: culture and rewards as it is revealed in the literature review (Al-Gharibeh, 2011; Donate and Guadamillas, 2011; Yusof et al., 2012; Sorakraikitikul and Siengthai, 2014) that they have a vital role in providing a conducive environment for knowledge transfer and sharing.

According to Lee and Choi (2003) an appropriate culture should be established within the organization to encourage individuals to create and share knowledge. Because organizational culture is a tool that creates a supportive environment; it enables and influences knowledge sharing at individual, group and organizational levels (Sorakraikitikul and Siengthai, 2014). On top of that, culture acts like a social control mechanism which encourages or hinder the creation, transfer and share knowledge by the organization. In line with this, the promotion of positive values among organization such as openness and confidence, tolerance of errors or shared objectives will enhance knowledge transfer and sharing and their outcomes (Donate and Guadamillas, 2011).
Another issue that has been debated in the literature is rewards, which is referring to the benefits, whether financial or non-financial rewards. Rhodes et al. (2008) argued that rewards have the ability to encourage members in transferring and sharing knowledge. This emphasizes the link between rewards and knowledge sharing and team cooperation achievements (Al-Adaleh and Al-Atawi, 2011). In contrast, lack of incentives is one of the obstacles to knowledge transfer and sharing (Jahani et al., 2011). In this regard, top management should promote knowledge sharing activities, in terms of facilitating social interaction culture which is more important than extrinsically motivated employees such as those motivated by monetary compensation (Wickramasinghe and Widyaratne, 2012).

3.4. External Environment

External environment is an attempt to understand and utilize forces outside organizational boundaries that are helping to enhance organizations (Lusthaus et al., 1995). Based on this, the construct of external environment is considered to be the key factor to support organization in terms of facilitate or inhibit its activities. From this, the present paper focuses on information technology and networks as it is the most important constructs in facilitating knowledge transfer and sharing.

Information technology context is referring to the existing information technology infrastructure and capabilities supporting the knowledge transfer and sharing in the organizations (Zander and Kogut, 1995). Sheng et al. (2013) argued that knowledge management begins and ends with building sophisticated information technology systems. This is because information technology system improves and accelerates knowledge transfer (Rhodes et al. 2008). Information technology is considered as the main component that enhances sharing knowledge among organizations, by using electronic tools to disseminate knowledge such as, intranets and databases (Casimir et al., 2012).

Another issue that has been debated in the literature is networks which encompasses the interaction between people who hold different background, diverse types of knowledge, and different ideas which lead to achieve effectiveness and efficiency Khachlouf et al. (2011). Zhou et al. (2010) stated that an individual’s personal network is indeed important for the effectiveness of knowledge transfer. This is because, personal networks means the interaction between individuals which helps to build knowledge. Hence, it is important for the organisations to establish appropriate formal and informal networks to enable knowledge transfer and sharing. According to Chong et al. (2011) networks can increase the organizations’ ability to obtain knowledge for business purpose. Further, MSC status organizations are identified as heavy users of multimedia and information and communications technology, which makes sense for them to believe in electronic social networks use to enhance knowledge transfer.

4. Underpinning Theory

This paper utilizes the organizational knowledge creation theory (Nonaka, 1994). Because, Externalization, Combination, Internalization and Socialization (SECI) processes show significant relationship to knowledge creation (Nonaka, 1994; Choi and Lee, 2002; Lee and Choi, 2003; Teerajetgul and Charoenngam, 2006). In this regard, this theory explains the process of knowledge being created in MSC status organizations as it is knowledge intensive entities through the knowledge conversion processes. For this purpose, this theory identified to be applicable in explaining the theoretical framework of this paper.

4.1. Theoretical Framework

![Figure-1. The relationships between organizational capacity, organizational motivation, external environment, and knowledge transfer and sharing](image-url)
5. Methodology

MSC status organizations consist of four Main Clusters which are: Creative Multimedia, IHLs & Incubators, InfoTech, and Shared Services Outsourcing. From this, to provide accuracy data from Middle Managers this paper has been used self-administered questionnaire each section is measured using 1-5 point Likert scale. A pilot test was conducted to ensure accuracy and consistency of the responses gathered by the questionnaires. A total of 36 Middle Managers involved in the pilot test. Based on the responses that have been gathered the results of testing validity and reliability of measurement of constructs indicated that all Cronbach’s coefficient alpha of constructs were 0.96.

6. Preliminary Discussion

Based on the responses and feedbacks a pilot test was important to conduct reliability and initial validity of the instruments that have been used to measure all variables. and the Cronbach’s Alpha Coefficient shows a value of 0.96. Table 2, depicted the results of reliability statistics.

Table-2. Reliability Statistics

<table>
<thead>
<tr>
<th>Cronbach’s Alpha</th>
<th>Cronbach’s Alpha Based on Standardized Items</th>
<th>Number of Items</th>
</tr>
</thead>
<tbody>
<tr>
<td>.959</td>
<td>.962</td>
<td>61</td>
</tr>
</tbody>
</table>

The analysis was performed on 61 items that measured the component of organizational capacity, organizational motivation, external environment, and knowledge transfer and sharing. Cronbach’s Alpha is used to examine the reliability of the instruments. In other words, the reliability showed good internal consistency which can be used to test the integrated model relationships. The model initially theorized the relationship between all variables, which is in turn, supports the importance of organizational capacity, motivation, and external environment on knowledge transfer and sharing. The reliability test was performed on twenty five items for organizational capacity, eleven items for organizational motivation, ten for external environment and fifteen for knowledge transfer and sharing. Based on this, all constructs had higher values of 0.85 to 0.96. Cronbach’s Alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another. Generally, an Alpha Coefficient of 0.6 and above is acceptable especially for initial investigations (Hair et al., 2010). Table 3 details the reliability analysis for all variables in the research model.

Table-3. Reliability of Each Variable

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Number of Items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational capacity</td>
<td>25</td>
<td>0.85</td>
</tr>
<tr>
<td>Organizational motivation</td>
<td>11</td>
<td>0.87</td>
</tr>
<tr>
<td>External environment</td>
<td>10</td>
<td>0.96</td>
</tr>
<tr>
<td>Knowledge transfer and sharing</td>
<td>15</td>
<td>0.96</td>
</tr>
</tbody>
</table>

7. Recommendation and Conclusions

This paper is an attempt to examine the relationship between organizational capacity, organizational motivation, external environment, and knowledge transfer and sharing. It was also designed to provide some insights on the influencing factors in facilitating knowledge transfer and sharing. In other words, it allows MSC status organizations to understand and adopt the processes of knowledge transfer and sharing which is needed to enhance their mission to accomplish phase three 2011-2020 to transform Malaysia into a knowledge based society.

For future research, the proposed model is still in the conceptual stage which needed to be tested empirically in MSC status organizations to provide more reliable data analysis for significant findings, and it is strongly recommended to have more suitable variables to enhance transferring and sharing knowledge in MSC status organizations.

References


Wickramasinghe, V. and R. Widyaratne, 2012. Effects of interpersonal trust, team leader support, rewards, and knowledge sharing mechanisms on knowledge sharing in project teams. VINE, 42(2): 214-236.


