

THE MODERATING EFFECT OF KNOWLEDGE INERTIA ON ORGANISATIONAL LEARNING AND INNOVATION RELATIONSHIP: CONCEPTUAL FRAMEWORK

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Abstract

This research paper acknowledges the role and magnitude of the concept of organisational learning and innovation for organisations to deal with the continuously changing environment and competition. This research focused on the relationship between organisational learning and innovation and the moderating role of knowledge inertia on organisational learning and innovation relationship. The present study had developed a model which links Organisational Learning with Innovation and also helps in understanding the moderating effect of Knowledge Inertia on organisational learning and innovation relationship. The paper is conceptual in nature, based on previous literature and theoretical foundations. The findings provide an insight about framework regarding how organisational learning encourages innovation and the impact of knowledge inertia on said relationship.

Key words: Organisational Learning, Innovation, Knowledge Inertia.

1. Introduction

In the era of globalized economy of knowledge, the organisations follow the concept of Organisational Learning as an integral part of their strategies and plans in order to deal with the competition. It is very important in today competitive environment for an organization to stable himself in the rapid changing environment of business. According to Senge (1990), a learning organization is the one where the human resource continuously enhances their capabilities in order to get the desired results. Where innovative ideas and expensive patterns of thinking is being encouraged, where people continuously learn; how to work in synergy. The concept of Innovation is vast and so much dynamic in nature. The organisations continuously need to rely on innovation during the period of time to get the competitive edge. The Knowledge and Learning are closely linked to innovation process. The organisations of current global era are more flexible in terms of generating and adopting new ways of doing things. Innovation for an organisation has become a catalyst for competitive advantage. Many successful organisations found Organisational Learning strategies and practices a tool for Innovation. The researchers found an inherent character of knowledge management as Knowledge inertia which creates a hindrance in the process of learning and innovation. Because of which it is important to understand the impact of

that hindrance on organisational learning and innovation relationship.

2. Literature Review

2.1 Organizational Learning

Organisational learning concept was first evolved and articulated by Cyret and March in 1963 as a concept of organisations to learn and store information. The concept was further proposed through a theory or model for decision making. The concept of organisational learning was given further attention by Argyris and Schon in 1978. He understood the concept as a tool of understanding errors and providing remedies to them. Organizational learning is a complex practice in the area of knowledge with in organization which leads to development of new knowledge and has potential to change employee's behavior (Huber, 1991) Organizational learning is the way an organization learns and adapts. It is very important in today competitive environment for an organization to stable the organisation in the rapid changes. According to Senge (1990), a learning organization is the one where the human resource continuously enhances their capabilities in order to get the desired results. Where, new ideas and expensive patterns of thinking is being encouraged, where people continuously learn, how to work in synergy. There have been numerous attempts to describe organizational learning. Argote, (2015) understands organizational learning as a strategic and managerial tool of organization to improve long term

organizational success. The organizational learning has been understood by various researches in different aspects or dimensions (Argirys & Schon, 1996). Organizational learning includes Management commitment, shared vision, open mindedness. Keeping eye on all the literature, organizational learning is a process of capturing information, interpreting the results in the behavioral and cognitive changes which have positive and significant

impact on innovation. The process of organizational learning has been illustrated in four steps divided into categories as acquiring of new knowledge, knowledge dissemination, interpretation of knowledge, and finally storing and reutilizing of knowledge (Huber, 1991). The concept of organisational learning with the passage of time was studied under various dimensions as described in table 1

Table 1: A Summary of Previous Empirical Studies for Organizational Learning Dimensions

Author	Commitment to Learning	Shared vision	Intra organizational knowledge sharing	Open mindedness
Argirys and Schon, (1978)	*	*		*
Liao, et al (2008)	*	*		*
Liao, et al (2010)	*	*		*
Islam Mohamed (2011)	*	*	*	*
Shalika, et al., (2011)	*	*		*
Kambiz et al (2014)	*	*		*
Akuzum C. (2014)	*	*	*	*
Kiziloglu M. (2015)	*	*	*	*
Karunaratne, (2017)	*	*		*
Ababneh (2017)	*	*		*
Tantray et al., (2017)	*	*		*
Abdi et al., (2018)	*	*		*

2.2 Organizational Innovation.

The word innovation has its origin from the 'Latin' language "Innovare" which carries the meaning "to renew something" so innovation is adoption of change by adding something latest to the existing. The concept of Innovation has different definitions given by different authors. Some of the definitions focus on points of innovation like Drucker (1985) describes Innovation as the important knowledge that offers the employees in the organisation who work together and have different knowledge and capabilities with an opportunity for the first time to make them productive. In the words of Drucker (1985) Innovation is the process of transformation of information or knowledge through a systematic way to get economic and social benefits. The most important characteristic of organizational innovation is to bring out new ideas, products, processes, ways, and policies to economically and socially benefit the organization in commercial way. The literature provides two aspects of innovation; one is form of learning or something

new (Gopalakrishna and Damanpour, 1997). Innovation is said to be when there is change in the organization environment Organizational innovation can be seen in different aspects it can be in terms of new product or service, new technology implemented, new form of administration, new structure or plan for business (Damanpour, 1991). Past researches explore that innovation can be seen in various topologies that have gained the most attention like product, administrative, process have seen innovation in form of product or Process innovation, incremental or radical, administrative or technological. The Schumpeter (1934) suggest different range of innovation dimensions in form of developing new product or service, developing new organizational forms, new markets, new discoveries. Whilst Capon et al (1992) used three dimensions as organizational innovation, market innovation and technological innovation. Further many other others used different dimensions for innovation as shown in table 2

Table 3: A Summary of Previous Empirical Studies for Innovation dimensions

Author	Product	Market	Process	Administ-rative	Technol-ogical	Behavior
Schumpeter (1934)	*	*	*			
Miller & Friesen (1983)	*		*			*
Capon et al (1992)		*				
Avlonitis et al (1994)	*		*			*
Subramanian and Nilakanta(1996)			*			*
Hurly and Hult (1998)						*
Rainey (1999)						*
Lyon et al (2000)	*		*			
North and Smallbone (2000)	*	*	*			*
Liao, S. H. (2010)	*	*	*			*
Skervlavaj et al (2010)	*		*	*	*	
Islam Mohamed (2011)		*		*	*	
Marko Slavkovic & Verica Babic (2013)			*	*		
Kambiz Abdi & Aslan (2014)	*		*	*		
Lakho & Tagar, (2017)	*		*			
Suhag et. al., (2017)	*		*			

2.3 Moderating role of Knowledge Inertia

The concept of 'inertia' has been derived from science which means 'in the state of rest or uniform motion'. The concept of inertia in knowledge was first used by Lios in 2002. The term knowledge inertia was understood as the hindrance in the knowledge management process. Lios (2008) defined knowledge inertia as an inherent characteristic of knowledge which creates a hindrance in the process of learning of new skills, techniques, methods and ways of doing business. The employees rely on past experience and knowledge because of inertia and try to solve every problem through their past knowledge and experience. The knowledge inertia has an adverse effect on organisation it stops organisation from creativity, innovation, learning and credibility of solving problems. The concept was further used by the researchers for the studies by just using it or by

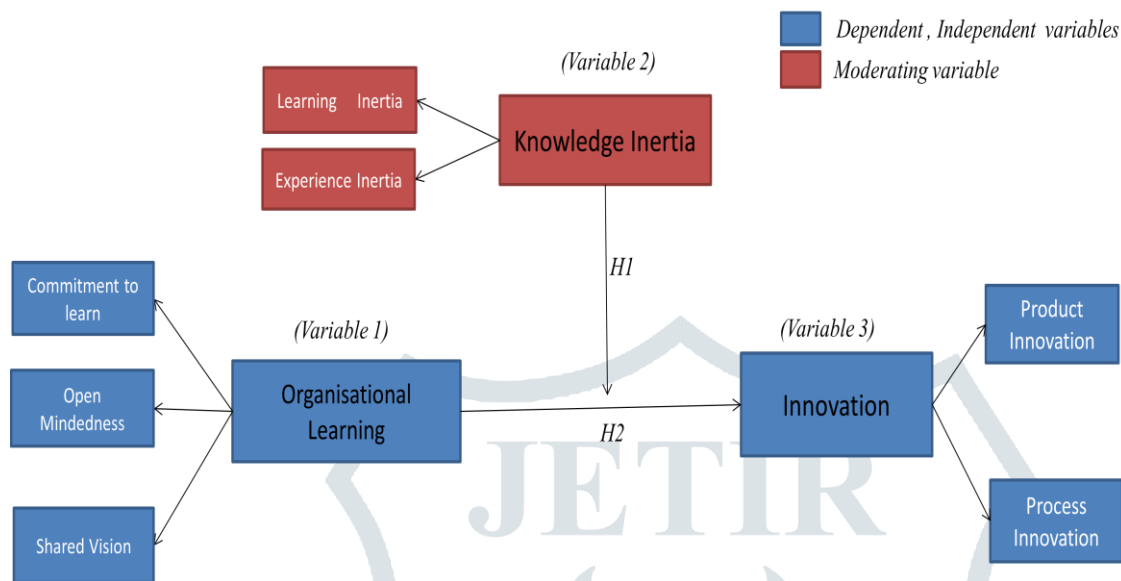
minimizing the dimensions to satisfy the specific context (Xie et al., 2016). A small number of studies were found that links the inertia with the concept and its role on Innovation by (Shalihar et al., 2014; Zhang, & Xu, 2017) Organisational Learning (Sharifirad, 2010), its moderating effect in some context (Fang et al., 2011), with entrepreneurial behavior (Cavus et al., 2014). Haroon, & Shariff, (2016) studied the moderating role of Knowledge Inertia for performance, Innovation and Total Quality Management practices. The organisational inertia as the organisations that remain in the static position and do not have ability to change and adapt according to the changing environment and also leads to the loss of productivity of organisation in terms of human resource and success in the organisation. The knowledge inertia was studied by various authors under the dimensions shown in table 3

Table 3: A Summary of Previous Empirical Studies for Inertia dimensions

Author	Learning Inertia	Experience Inertia	Knowledge Inertia
Liao et al., (2008)	*	*	
Fang et al., (2011)	*	*	
Kafchehi et al., (2012)	*	*	
Karayel & Kara (2014)		*	*
Cavus et al., (2014)	*	*	
Xie et al., (2015)	*	*	

Haroon & Shariff, (2016)		*	*
Zhang & Xu (2017)	*	*	

3. Proposed Framework of the Study



4. Research Propositions

In the light of the above previous literature and proposed model of the study, following are the major propositions

1. There is a significant effect of organisational learning dimensions on Product Innovation.
2. There is a significant effect of organisational learning dimensions on Process Innovation.
3. Knowledge Inertia moderates the relationship between organisational learning and Innovation

5. Research Methodology

6. Conclusion

This paper discusses about the importance of the concepts of organisational learning and innovation in organisations in order to cope up with the changing environment and competition. In the light of the literature the framework provided in the study will help in understanding the magnitude of effect of organisational learning and innovation in

This paper is comprehensively conceptual in nature and is based on the previous literature related to organisational learning, Innovation and Knowledge Inertia dimensions. Where, organisational learning acts as independent variable, Innovation as dependent and Knowledge inertia as moderating variable. The paper is based on the strong theoretical foundation which includes secondary sources. The researcher has broadly reviewed the previous literature in order to get the in-depth insight about the variables and their interrelationship proposed in the conceptual framework.

Organisation and the impact of knowledge inertia on said variables. The proposed framework will gain interest of academia and the industry practitioners alike. The current paper is based on strong theoretical foundations and provides a worthy contribution to the literature of organisational learning, innovation and Knowledge Inertia.

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