

The Effect of Knowledge Management Capabilities towards Organizational Innovation in Malaysia's Hotel: A Conceptual Analysis

Syed Jamal Abdul Nasir Syed Mohamad, Nor Shahrul Nizam
Muhamad Nor, Amily Fikry

Arsyad Ayub Graduate Business School (AAGBS), Universiti Teknologi MARA, Malaysia,
Faculty of Business and Management, Universiti Teknologi MARA, 42300 Puncak Alam
Malaysia

Corresponding Author's Email: shahrul@uitm.edu.my

Abstract

This study is concerned with the relationship between Knowledge Management Capabilities (KMC) and Organizational Innovation (IO) among Malaysian hotels. World Tourism Organization (2018) highlighted that the tourism industry globally attracted around 1.245 billion international tourists' arrival, expecting worth trillions of USD around the year 2016. However, due to the Covid-19 pandemic that started in early 2020, it has affected this industry, but subsequently regained slowly since 2022 (UNWTO, 2022). Hoteliers in tourism industry must follow the current trend to sustain in the competitive environment. Therefore, hoteliers must provide sufficient knowledge to their employees in terms of infrastructure and process to deal with organizational innovation. However, many of them still refuse to adapt knowledge management to be innovative organization. As a conceptual paper, this initial stage of the study takes into consideration on the development of knowledge management and organizational innovation. The data were collected from selected hotels among their top management such as managers, managing directors, general managers or chief executive officers that represent three-star to five-star hotels in Malaysia by using simple random sampling from the list provided by the Ministry of Tourism, Art and Culture of Malaysia. The result can be expected to assist organizations including hoteliers to sustain competitiveness in the market.

Keywords: Knowledge Management Capabilities, Organizational Innovation, Tourism

Introduction

Today's business needs to be innovative and to possess other capabilities for survival and to remain competitive (Alves et al., 2018). To become innovative, the organizations must be supported by knowledge management (Huang & Huang, 2020; Lee, 2016). Knowledge management is a vital capability to the organizations to face the era of industrial revolution, commonly known as IR 4.0 which focusses on technology and innovation (Urban & Matela, 2022; Muafi, 2020; Abu Bakar et al., 2019; Ansari, 2019). During this era, digital technologies

have undergone rapid changes with new ways of competition including service industry such as tourism and hospitality industry (Antunes & Pinheiro, 2020; Hock-Doepgen et al., 2020). Thus, some studies have shown that being innovative can improve their services through the information system and can reduce the cost at the same time (Putra et al., 2021).

Tourism and hospitality industry contribute to the national income and gross domestic product (GDP) of many countries in the world. According to the World Bank, international tourists have increased from 55 million in year 1995 to 1.25 billion in year 2016. The same goes to Malaysia which that has boosted international tourists' arrival from 7.5 million to 26.8 million respectively (World Tourism Organization, 2018). However, this industry has been affected by Covid-19 pandemic and dropped dramatically since 2020 globally. Since 2022, nevertheless it has started to recover (UNWTO, 2022).

As part of service industry, knowledgeable employees become one of the success factors to perform effectively (Poloski-Vokic, 2008). Knowledge management is crucial to frontline employees in providing services to hotel's guests that meet their customers' expectation because they interact directly with them (Shamim et al., 2017). Furthermore, Tavitiyaman et al (2012) found that skilled employees can assist hoteliers to perform better. These employees must be capable to manage the knowledge about the market, customers and technology changes such as online hotel booking and view other customers' feedbacks (Kumar, 2017; Su & Lin, 2006). These knowledgeable employees were driven by their leaders who are knowledgeable and capable in managing the organizations (Chaithanapat et al., 2022) such as in tourism and hospitality services (Urban & Matela, 2022).

However, adopting knowledge management practices in the organizations are in the mode of adapting and surviving with the updated challenges (Nghah et al., 2016) especially by innovation (Urban & Matela, 2022; Ode & Ayavoo, 2020). Furthermore, Payal et al (2016); Cooper (2006) mentioned that knowledge management in hospitality and tourism industry has become one of the outstanding factors needed by the industry based on service. Therefore, Rudez (2010) highlighted knowledge as an important factor to the hotels' ability to remain competitive and innovative.

However, the inability of organizations to understand the importance of knowledge might lead to major problems to perform in business (Chaithanapat et al., 2022; Urban & Matela, 2022; Carlucci et al., 2004). Furthermore, Khan (2019) stressed that the absence of appropriate levels of knowledge, capabilities as well as skills can slow down the process in achieving their organizations' goals and objectives. Therefore, Shamim et al (2017) suggested that for effective knowledge management in the organizations, top management needs to transform individual knowledge within the organizations to become intellectual assets. Alavi et al (2005) also found that when successful organizations are capable to manage knowledge resources effectively, it leads to cost reduction in people and infrastructure, commonly by innovation in the technology being used. They could be innovative, improve their customer service, and able to practise decision making efficiently. Thus, organizations should engage with knowledge management process to solve the problems faced by tourism and hospitality organizations (Alaarj et al., 2016).

The implementation of knowledge management without concerning with the organizational capabilities such as innovation might leave the organizations to nowhere. Urban and Matela (2022); Ode and Ayavoo (2020) as well as Nor et al (2012) agreed that knowledge management and innovation of technology in the organizations are keys in gaining competitive advantages in the business. Furthermore, Alaarj et al., (2016) found that knowledge management is an important solution to many complicated problems faced by tourism and hospitality industry. Urban and Matela (2022) agreed this industry requires knowledge management to foster innovativeness in sustaining business in the competitive market. Furthermore, the organizations in the service industry such as hotels can differentiate them from competitors by offering knowledge-based services. Besides, it has to continuously enhance their business quality (Su & Lin, 2006), commonly with the innovation in the organizations. Thus, the organizations are able to implement effectively and continuously to become competitiveness organizations in the current business environment (Gomes et al., 2022; Dukeov et al., 2020). Therefore, these issues and research problem of this conceptual study try to understand research objective of the relationship between knowledge management and innovation among Malaysian's hotels.

Literature Review

Knowledge Management Capabilities

Knowledge is the most significant asset and a wealth to the organizations to sustain competitive advantage and to enhance superior business performance (Barney, 1991; Grover & Davenport, 2001). Meanwhile, Bolisani and Bratianu (2018) defined knowledge as a transformation process from an abstract concept into the tangible world. In addition, according to Steward and Waddel (2008), knowledge management has been started in the academic and practical discipline since the late 20th Century, while in the organizations for more than four decades ago. Anjaria (2020) defined knowledge management as sets of techniques, tools and methods in managing process in the organizations. In another perspective, knowledge management could be as an object which might be codified, understood, disseminated and applied in order to achieve the organizations' goals (Al-Hawari 2004). Besides, knowledge management capabilities could be defined as a continuous mechanism and intentionally to create knowledge in the organizations (Chiu & Chen, 2016). Furthermore, Alavi and Leidner (2001) defined knowledge management capabilities as capability to create, transfer, integrate and apply the knowledge.

Knowledge management capabilities require radical transformation or overhaul in the organizations starting from assumptions, structures until value system to recast and rebuild to become the knowledgeable organizations. Hindasah and Nuryakin (2020) suggested that organizations must continuously support and implement knowledge management to improve performance and sustain in the competitive market. Therefore, the organizations must develop capabilities and recognize innovation as part of capabilities. Knowledge management capabilities have a few elements to form them. According to Zhang et al (2018), they divided knowledge management capabilities into three elements, namely technological, structural and cultural. However, Gold et al (2001) as well as Lee and Yang (2000) have a different view of knowledge management capabilities, that they divided them into two types, mainly knowledge infrastructure and knowledge process.

Knowledge infrastructure could be known as organization assets. According to Wu and Chen (2014) knowledge infrastructure is defined as infrastructure of organizations to build up the systems and services in supporting their core business. Previously, Lee and Yang (2000) found that organizations' infrastructure as a combination of structure, technology and culture within the organizations. Gold et al (2001) mentioned that social capital for infrastructure capabilities in the organizations can be maximized through structural, cultural and technological. Furthermore, Gil-Padilla and Espino-Rodriguez (2008) elaborated that technology infrastructure has become one of organizations' resources and cultures that affect business performance. Mohannak (2011) also found that culture as a part of knowledge infrastructure being a significant evidence on its importance to organization' knowledge management success or failure. Hock-Doepgen et al (2020) found that there is a direct relationship between knowledge infrastructure which consisted of culture, technology and structure with business innovation among SMEs in Germany. Furthermore, Urban and Matela (2022) suggested that knowledge management influences innovativeness in hospitality sector in Lesotho. Thus, the following hypothesis is examined:

H1a: There is a direct relationship between knowledge infrastructure and organizational innovation.

The organizations need knowledge process which allows knowledge to be efficiently captured, stored, reconciled as well as disseminated to leverage the infrastructure available there (Nonaka & Takeuchi, 1995). Knowledge process could be understood as the organizations' ability to generate knowledge and make it as its competitive advantage over their competitors. Su and Lin (2006) defined knowledge process is one of business identification in core competencies in competitive market. Knowledge process consists of knowledge generation or acquisition, dissemination or could be known as transfer and application (Antunes & Ayavoo, 2020; Hock-Doepgen et al., 2020; Lee & Yang, 2000). Meanwhile, Wu and Chen (2014) had divided knowledge process into more detailed elements namely as creation process, transfer process, integration process and application process as an integration process for the organizations to implement the knowledge. However, Gold et al (2001) found that knowledge process capability consists of knowledge acquisition, conversion, application as well as protection. Therefore, Hock-Doepgen et al (2020) found that there is a direct relationship between knowledge process, also known as external management capabilities with business innovation. Thus, the following hypothesis is examined:

H1b: There is a direct relationship between knowledge process and organizational innovation.

Organizational Innovation

Innovation has a long history in academic, whilst scholars have conceptualized it in a few ways. Meanwhile, economists have described innovation as a fundamental of technological development which has a cost and a quantity of production in the organizations in order to achieve economic of scales. Meanwhile, organizational innovations can be defined as 'organization's openness to new ideas as an aspect of a firm's culture' (Hurley & Hult, 1998, p. 44). Furthermore, Alves et al (2018) identified it as the implementation of new method for organizational practices in business, relationship with external as well as internal workplace. Dukeov et al (2020) defined organizational innovation as the organizations that have

capabilities to innovate and implement new business method, build external relationship through internal process as well as workplace practice to sustain in business.

In recent business environment which tends to face rapid changes in technological advancement, requires innovation for business survival and success (Pandey et al., 2019). Therefore, Chung et al (2016) suggested that the organizations must be ready to implement any new changes of technology for long term survival strategies. Many studies on innovations focus on characteristics of organizations that are compatible with technologies and innovations (Chung et al., 2016), managerial perspective on organizations' administration (Fritz, 1996) and product innovations under marketing perspective (Lukas & Ferrel, 2000). However, Huang and Huang (2020) as well as Muafi (2020) had focused organizational innovation based on product, process and administrative process. Organizational innovation could be subject of research. In this regard, Dukeov et al (2020) used it to test organizations willingness and open mindedness among Russian manufacturers.

The Conceptual Framework

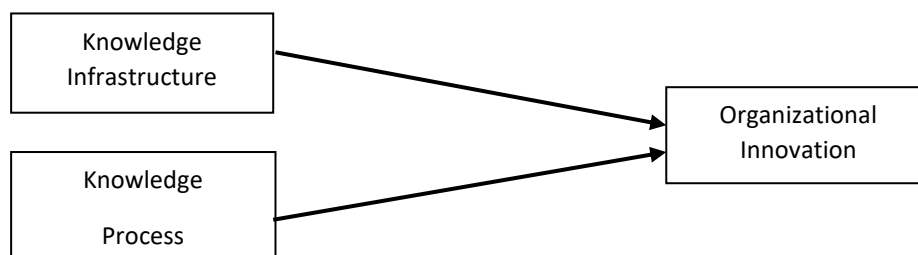


Figure 1: The conceptual framework

Conclusion

There are many empirical researches in knowledge management as well as organizational innovation in various perspectives and scopes as these two variables are significant in organizations. This conceptual paper is part of a doctoral research on knowledge management and organizational innovation with regard to hotel performance in Malaysia. The research has been conducted among three-star, four-star and five-star hotels. Their top management of selected hotels such as managers, managing directors, general managers or chief executive officers representing their organizations to participate in answering the e-survey. These hotels were selected using the simple random sampling, while the list of hotels in Malaysia has been gathered from the Ministry of Tourism, Art and Culture Malaysia (MOTAC). MOTAC has a comprehensive list of hotels across the country to compare with other sources such as Malaysia Association of Hotels (MAH). The results of this study have the potential to assist not only hoteliers, but also other organizations to strategise knowledge management and innovation for them to sustain in the competitive environment.

Contribution of the Research

Even though this framework being used by many scholars in previous researches, this conceptual study still can contribute to the knowledge in hospitality. Furthermore, as a part of doctoral research in knowledge management, organizational innovation and hotel performance in Malaysia. The dimensions of these variables will provide better understanding factors of knowledge management which consist of knowledge infrastructure and knowledge process that influence organizational innovation to academicians as well as industry players.

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