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INTEGRATING KNOWLEDGE MANAGEMENT AND INNOVATION: A PATHWAY TO COMPETITIVE ADVANTAGE

Rahmonova Dilshoda Mahmudovna

Independent PhD student and Associate Lecturer at Westminster International University in Tashkent

Email: Drahmonova@wiut.uz

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Abstract

The purpose of this article is to investigate the relationship between Innovation and Knowledge management practices in organizations. The impact Innovations can have in sustaining competitive advantage and success in firms. There will also be a discussion on what kind of management strategies are usually used in businesses that enable easy access to Knowledge and results in novel Innovations. Although well-positioned KM is the most appropriate strategic response to resolve the challenges of Innovation, still some firms struggle to implement it successfully into practice. One important reason might be that even though KM is accepted as a very important resource at higher strategic level, in many cases it is not communicated with layers of organization properly. As a result, KM usually operates in isolation or addressed by simple IT solutions.

This article discusses academic research articles, reports, and relevant books written by the experts of Innovation and Knowledge management. It concludes with a research gap, discussion and recommendations part.

Key Words: Knowledge Management, Innovation strategies, Competitive Advantage, Knowledge sharing.

BILIMLAR BOSHQARUVI VA INNOVATSIYALAR INTEGRATSIYASI: RAQOBATBARDOSHLIKKA ERISHISH USULLARI

Annotatsiya

Ushbu maqolaning maqsadi tashkilotlarda innovatsiyalar va bilimlarni boshqarish amaliyotlari o'rtasidagi munosabatlarni o'rganishdir. Shu bilan birga, innovatsiyalarni firmalarning raqobatda ustunlikka erishishlaridagi o'rni va muvaffaqiyatni saqlab qolishga ta'siri o'rganildi. Shuningdek, yangi bilimlarga asosanib, innovatsiyalarni yaratishni, odatda korxonalarda qanday strategiyalar qo'llanilishini muxokama qilinadi. Yaxshi yo'lga qo'yilgan bilim boshqaruvi, Innovatsiya yetishmasligi muammolarini hal qilish uchun eng to'g'ri strategik javob bo'lsa-da, ba'zi firmalar uni amalda muvaffaqiyatli amalga oshirishni uddalay olmaydilar. Muhim sabablardan biri shundaki, bilim boshqaruvi strategik darajada juda muhim manba sifatida qabul qilingan bo'lsa-da, ko'p hollarda u tashkilotda mavjud, qatlamlar yoki ierarxiyalar orasida keng miqyosda almashinilmaydi. Natijada, bilimlar boshqaruvi va almashunivi odatda qotib qoladi va yuzaga kelgan muammo texnologiya yordamida oddiy usul bilan yechiladi.

Ushbu maqolada Innovatsiyalar va bilimlarni boshqarish sohasi mutaxassislari tomonidan yozilgan ilmiy tadqiqot maqolalari, hisobotlari va tegishli kitoblarni muhokama qilinadi. Mavjud kamchili-

klar taxlili va qo'llanilgan Ilmiy tadqiqot usullari aytib o'tiladi, va maqola muhokama va tavsiyalar qismi bilan yakunlanadi.

Kalit so'zlar: Bilimlar boshqaruvi, Innovatsion strategiyalar, Raqobatda ustunlig, Bilim almashish usullari

Introduction

Every firm in the world of Business tries to achieve and sustain Competitive Advantage over its competitors. This article discusses several strategies that can be implemented into firm's practice and hold on to their competitive advantage, succeed or at least stay in their industries without sinking. For this purpose, in this article the role of KM and Innovation has been researched and findings outlined.

Literature Review

Knowledge-based view of the organization defines knowledge as the most valuable strategic asset of the firm. This framework suggests that the competitive advantage and superior performance of an organization over its competitors comes from its ability to generate, transfer, acquire, and exploit the knowledge in a better form than others. Here it is appropriate to give basic comparison between Knowledge Based View and Resource Based View: When considering two perspectives on competitive advantage, the Ricardian and Schumpeterian views, it is important to note that they complement each other rather than contradict. The Ricardian perspective suggests that economies should focus on producing goods and services in which they excel. On the other hand, the Schumpeterian perspective emphasizes the importance of innovation, creative destruction, and radical changes in production methods rather than incremental improvements. These two approaches work together to achieve success in a competitive marketplace. (Pereira & Bamel, 2021).

Halmstadtr (2003) defined knowledge sharing as interactions between human actors where raw material is knowledge. Knowledge sharing is the exchange of experience, skills, and tacit and explicit knowledge among employees, in the context of organizations. The success of Knowledge sharing activities hugely depend on several factors that exist in organizations, such as top management knowledge value and reward systems have been identified as the main pillars (Iqbal, 2021). The speed and quality of knowledge created in HEIs, can contribute to creation of knowledge based economies enormously.

Studies have also shown that organizations with strong KM policies, which encourage information sharing and employee retention, are more likely to engage in innovative activities (Kremp & Mairesse, 2004). Moreover, the creativity of manufacturing firms has been linked to both codified and uncoded KM practices, suggesting that the way knowledge is managed can influence the extent of innovation (Landry & Amara, 2001).

Co-creation with customers. It is also recognized now that in order to sustain any development in the economy, the role of several actors, such as Governments, civil society, entrepreneurs, Universities, and private sector, do play an important role (ideainnovation.org, 2024). Here it is relevant to illustrate some information about that E.M. Roger's theory on Diffusion of Innovation (DOI) from 1962, which is considered as one of the earliest social science theories. According to this theory, the target audience accepts and starts to use the new product, behavior or idea once it has reached the final stage of diffusion or spread. The targeted groups for diffusion can be varied and depend on the context of the innovation (CPRL Report, 2017).

Including employees in decision making. Additionally, inter-organizational Knowledge management has been found to be crucial for strategic knowledge sharing among allied organizations, which in turn supports innovation (Tsai, 2016). Including Employees from different levels in decision-making, known as Open strategy, gives them opportunities to take part and use their operational knowledge when innovating. However, the research undertaken by Violetta Splitter and colleagues showed that although catching the attention of top management initially, the inability of lower-level employees to convey information frustrated and distracted the CEOs who were first excited about the idea of including mid-and-lower level of management. After several attempts to convert and convey information differently, mid-lower-level management employees developed competence in delivering meaningful, engaging and compelling messages. Particularly, it worked well when employees shared their novel ideas to corporate themes. (Strategic Management Society, May 2024). Competence of employees in combining local knowledge with corporate themes developed during the strategy making process, they learned it through experiential learning of hands-on experience while crafting the strategy (Kolb, 1984) and through their observations (Bandura, 1971). (Splitter, Seidl and Whittington, 2024).

The role of human resource management in applying KM practices further illustrates the multifaceted approach required to foster innovation within enterprises (Karasek, 2018). Accordingly, the contribution of KM to promoting innovation is also significant in small businesses, where sharing knowledge processes are essential for innovation in product, marketing, and organizational domains (Harel et al., 2020).

Innovative performance of firms can be enhanced through Knowledge sharing and support for creativity (Cabrilo & Grubic-Nesic, 2013; Kyriazopoulos & Samanta, 2009). These authors also mentioned that when fostering the innovation, technology enhanced innovations in KM can play an important role.

Research Gap

Knowledge management is recognized as a vital resource at higher strategic levels, however, due to a lack of communication among the layers of hierarchies, usually KM practices do not function properly in practice. As a result, Innovativeness in such organizations which has a direct effect on competitive advantage of the firm will lack originality.

For this purpose, this article attempted for more comprehensive research on how knowledge management (KM)-driven innovation contributes to sustaining a competitive advantage in the long term. Discussion will be about some successful strategies that has been proven to work well under such circumstances.

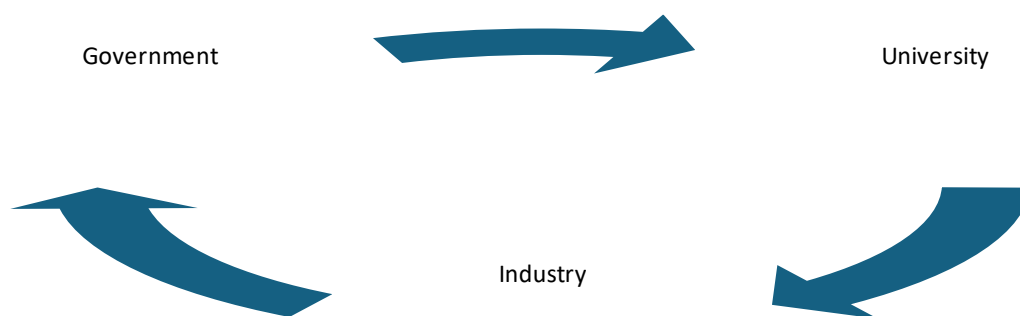
Methodology

The methodology for this literature review article involves a comprehensive review of existing research on the intersection of knowledge management (KM) and innovation. This approach ensures a thorough and unbiased synthesis of the current state of knowledge, identifying key themes, gaps, and future research directions. To ensure a thorough review, multiple academic databases and sources were consulted, including: Google Scholar, JSTOR, Web of Science and Scopus. A combination of keywords and search terms related to KM and innovation were used. These include: “Knowledge Management”, “Innovation”, “KM practices”.

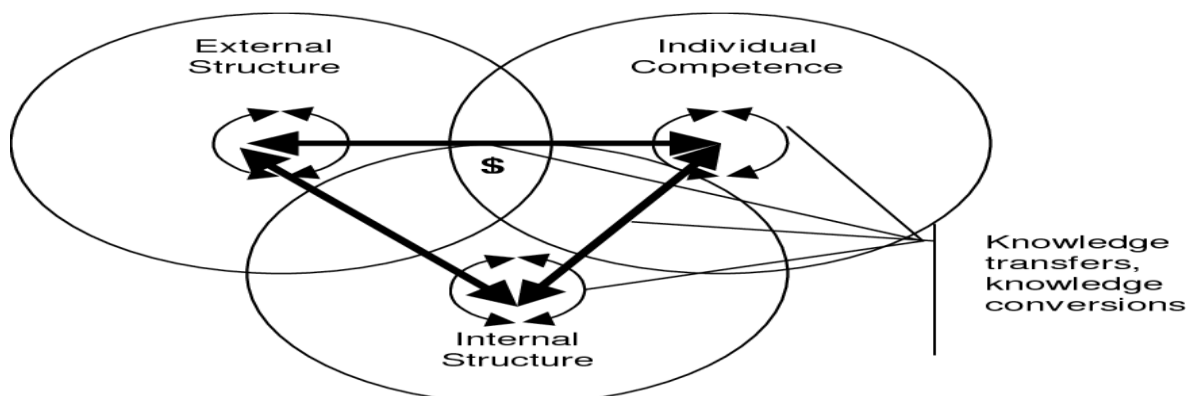
Discussion and Suggestions

After in-depth studies of literature, following are some of the successful strategies used by firms to improve their KM practices and become more Innovative in their field:

Encouraging Higher Education Institution to contribute to innovation. Triple helix model of innovation (Henry Etzkowitz and Loet Leydesdorff ,1990), states that the Relationship among academia-industry-government enforces Innovations to boost. For development of Country’s Economy and society, Higher Education Institutions play an important role and they are main innovators and contributors to knowledge economy (Iqbal, 2021). According to the triple helix model of innovation “university-industry-government” linkage proposed by Henry Etzkowitz and Loet Leydesdorff in the 1990s, suggest that universities have indispensable role in creating knowledge based economies. This model suggests that Innovations emerge well when there is strong relationship and collaboration among those three sectors. (Graph, 1). According to the theory, none of them alone can accomplish the desired results. As Central focus of HEIs are research and teaching, knowledge diffusion is widely considered in their practices (Iqbal, 2021). (Graph, 3).



Graph 1. Created by author.



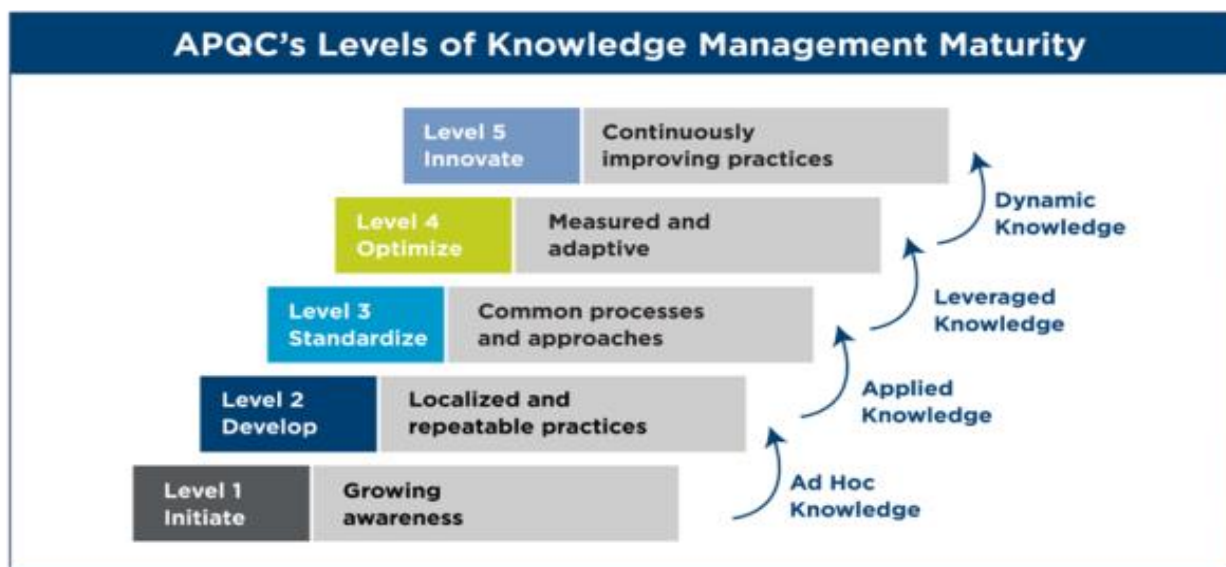
Graph 2. Adapted from Web: Pereira & Bamel, 2021.

Collaborating with customers: Co-Creation. When it comes to collaborating with customers, co-creation gives consumers a chance to share their ideas, be creative, design and collaboratively create new products and services with the firm (Ozturk, Turker and Nasir, 2023). Through this collaboration, consumers’ needs and desires could be captured and turned into potential opportunities for the firms. It will also serve as a map to organization to create products and services in demand and reduce the rate of failure after

launching the new products or services. When the collective action from some of these actors produces an outcome, it is called a local system or ecosystem approach.

Including Employees in Decision making processes. Competitive advantage is achieved to higher levels when employees in organization are communicated openly about changes. Employees are seen as critical source of resilience in organization as well as their abilities to adopt, recover and proactively develop both themselves and workplace resources (Young Kim, 2021). When there is two-way and open communication environments and employers provide timely, accurate, unequivocal and balanced information to their subordinates, it will turn the organization to more resilient and innovative one (Sharma and Sharma, 2019). Interestingly, while KM is instrumental in enhancing innovation, the relationship is not one-dimensional. For instance, in the context of library management services, fostering a culture that encourages staff to share ideas can lead to innovative outputs, demonstrating the reciprocal nature of KM and innovation (Rambeli & Yunus, 2018).

Implementing The APQC (American Productivity & Quality Center) Knowledge Management (KM) Maturity Model. APQC model is established to access, analyze and improve organizational KM practices of firms. The framework figures stages of maturity as firms progress through their KM practices. Process includes, five stages starting from self-awareness (stage 1, initiate), Localised and repeatable practices (develop), common processes and approaches (standardise), measured and adaptive (optimise), and last stage continuously improving practices (innovate) (APQC website, 2024). (Graph, 3)



Graph 3. Adopted from Web: www.apqc.org, 2024

In summary, the literature underscores the importance of KM in driving innovation across various sectors and organizational contexts. Effective KM practices, such as creating an environment conducive to knowledge sharing and creativity, are integral to the innovation process and competitive advantage. These practices not only facilitate the generation of new ideas but also ensure that these ideas are effectively implemented, leading to enhanced innovation performance within organizations (Kumari & Singh, 2022; Patwary et al., 2022).

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