



Examining social capital, organizational learning and knowledge transfer in cultural and creative industries of practice



Chih-Hsing Sam Liu

Ming Chuan University, Department of Leisure & Recreation Management, 5 De Ming Rd., Gui Shan District, Taoyuan County 333, Taiwan

HIGHLIGHTS

- Social capital and organization learning is a predictor of knowledge transfer.
- A multiple mediation model was used.
- 432 Taiwanese cultural and creative firms were sampled.
- Absorptive capability as a moderator and can lead to effective knowledge transfer.

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ABSTRACT

With the increasing growth of the tourism market, cultural and creative industries are being flooded with new attractions and cultural routes and are providing significant benefits for social and economic development. This study used a multiple mediation examination process to investigate the relationships between social capital, organizational learning and knowledge transfer. Findings from the archival data of 432 Taiwanese cultural and creative firms indicate that organizational learning (e.g., exploitative learning and explorative learning) is the critical mechanism linking the relationship between social capital and knowledge transfer. More importantly, this study also presents a view of absorptive capability as a moderator and offers evidence that qualities such as capabilities can lead to effective knowledge transfer when cultural and creative firms have a higher level of organizational learning intention. Using single and multiple perspectives of constructs and conduct, our version of the mediation-moderation model is more complex than prior tourism or management studies have shown.

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1. Introduction

Following the rapid growth of the tourism market, cultural tourism is becoming a new trend for tourists (Cisneros-Martínez & Fernández-Morales, 2015; Torre & Scarborough, 2017; Trinh & Ryan, 2016). With increasing attention being given to traditional cultural protection and its relationship to attracting tourists (Lynch, Duinker, Sheehan, & Chute, 2011), more recent studies focus on cultural indigeneity, sovereignty, and sustainability (Williams & Gonzalez, 2016), economic impact (Torre & Scarborough, 2017), and local residents' attitudes (Brown, Kim, & Hoang, 2016). Though previous tourism studies make significant contributions to explanations of how cultural tourism enhances local economic development, they ignore the fact that cultural protection and expansion

also require new material inputs and a particular number of entrepreneurs. The actual process of how these cultural and creative firms survive and grow in times of resource shortages and a highly competitive environment has received much less attention.

The cultural and creative industry is the one of the fastest growing industries in Taiwan; this can be seen in both the explosive growth in the number of firms (currently at 62,264 firms) and in the generation of 780,442 million TWD in annual sales for regional development (Ministry of Culture, 2015). An analysis of the cultural and creative industry structure shows that the advertising industry accounts for 22.58% of the total, handicrafts for 20.76%, publishing for 14.42%, the digital industry for 10.44%, popular music and cultural content for 6.85%, architectural design for 4.75%, traditional product design for 4.75%, and music and performing arts for 4.32%, among others. A total of 84.85% of cultural and creative firms are classified as small- and medium-sized enterprises (SMEs), and these have limited resources and require government support and

E-mail address: phd20110909@gmail.com.

organizational learning to develop their own specific intangible assets (Horng, Chang, & Chen, 2016). In other words, cultural and creative firms face a challenging situation and must accumulate learning and social resources to sustain their continuity, fit changing customer needs and survive in a dynamic environment. Few studies, however, have directly examined how social resources influence the learning process and the subsequent performance of cultural and creative firms when facing international competition.

Viewed as the heart of SMEs, the ability to use exploitative and explorative learning to capture market opportunity is vital to promoting new ventures' growth (Cegarra-Navarro, Sánchez-Vidal, & Cegarra-Leiva, 2011; Tallott & Hilliard, 2016). Market opportunity capture refers to the ability to acquire new information, pursue industrial knowledge, quickly respond to changing customer needs, and ultimately achieve superior firm performance (Li, Chen, Liu, & Peng, 2014). Traditional SME research on opportunity capture has often focused on innovative traits from a strategic perspective (Seo, Chung, Chun, & Woo, 2015). In limited empirical studies, for example, Rezaei, Goli, and Dana (2013) demonstrated that transnational entrepreneurship captures opportunities in the underground economy, and Chandra, Styles, and Wilkinson (2015) found that serial entrepreneurs successfully capture international markets. Guo, Tang, Su, and Katz (2017), however, asserted that opportunity capture for SMEs required effective knowledge transfer and therefore networks, learning and resources to exploit market opportunities and achieve better performance. This assertion highlights the importance of accumulating intangible resources, such as social networks, organizational learning and knowledge management, to successfully capture market opportunities.

Suffering from the difficulty of effectively integrating and digesting new information, however, SMEs may not possess sufficient internal resources or the capacity to efficiently transfer newness into knowledge (Tzokas, Kim, Akbar, & Al-Dajani, 2015). As a result, external resources such as explorative learning are often useful catalysts of knowledge transfer and help to enlarge firms' own absorptive capability to turn new information into organizational knowledge (Abebe & Angriawan, 2014). From the integration perspective, effectively integrated internal and external resources may serve as boundary-spanning activities that link to firm performance (Cuevas-Rodríguez, Cabello-Medina, & Carmona-Lavado, 2014). In a developing economy characterized by an imperfect market support system and scarce resource accessibility, formal institutional resources (e.g., financial support or government subsidies) may not provide enough support to new ventures and SMEs (Li et al., 2014). For new ventures or SMEs, social capital can help firms to overcome obstacles to improving risk management capability (Gao, Sung, & Zhang, 2013), increase the possibility of radical product innovation (Cuevas-Rodríguez et al., 2014), and identify new business opportunities (Stam, Arzlanian, & Elfring, 2014), and it offers dual knowledge benefits conducive to firm ambidexterity (Heavey, Simsek, & Fox, 2015). The existing literature focuses on investigating the relationships between the three dimensions of social capital: cognitive capital, relational capital and structural capital (Tsai & Ghoshal, 1998). Because these different types of social capital have various functions and influences on firm value and capability improvement (Heavey et al., 2015), they may have different impacts on organizational learning. However, the question left unsolved in existing studies is the first question this study addresses: How do different mechanisms within the different social capital dimensions affect cultural and creative firms' organizational learning?

Further, because customer needs are changeable, firms tend to regularly scan and monitor changes in the environment for the purpose of capturing customers' requirements and strengthening

their own competitive position (Keh, Nguyen, & Ng, 2007). SMEs must continuously find the right way to respond to a dynamic environment. The existing literature suggests that organizational learning is central for responding to environmental changes to allow firms to improve knowledge transfer efficiency and grasp market opportunity (Werner, Dickson, & Hyde, 2015). Especially in cultural and creative industries such as those in Taiwan, distribution channels are not yet established, the environment is relatively uncertain, and industry firms often lack the resources and capabilities to support their growth and survival (Huang, Yen, Liu, & Chang, 2014). In this case, firms must continuously update their learning capability to rapidly accumulate social capital, which can help in the effective knowledge transfer of captured opportunities and in improving overall performance (Chuang, Chen, & Lin, 2016). Until now, however, studies rarely considered the sequence of these learning effects. Therefore, to fill this gap in the literature, we ask a second question: In what order do explorative and exploitative learning occur, and how does this order connect to the relationship between social capital and knowledge transfer in firms in response to environmental changes?

Furthermore, due to international market liberalization, regulatory changes and increasing attention are focusing on traditional cultural and creative, which face great opportunities while also being exposed to diverse challenges in this dynamic environment due to intense competition (Bos, McCabe, & Johnson, 2015). Cultural and creative firms are latecomers to the tourism market, and in order to survive and maintain competitiveness, they must not only advance and enlarge their existing capabilities through internal and external learning to become more sensitive to environmental changes but also develop sources of new knowledge and advance their competencies (Bao, Chen, & Zhou, 2012). However, little academic insight has been offered into how cultural and creative firms approach this challenge, which raises the third question of this study: How does cultural and creative firms' absorptive capability moderate the relationship between organizational learning and knowledge transfer?

Addressing these three critical but previously unsolved questions, this study draws on social network theory as an overarching framework to develop a conceptual model, presented in Fig. 1 below, that integrates the social capital and organizational learning literature in order to examine the process of knowledge transfer and mutual relationships between different attributes of social capital and organizational learning within cultural and creative firms in a new and growing industry. Both theoretical and empirical contributions were made through an examination of the system in this study. Theoretically, regarding the conceptualization of structural capital, relational capital and cognitive capital within social capital (Tsai & Ghoshal, 1998), and exploratory learning and exploitative learning within organizational learning (Li et al., 2014), this study argues that different types of capital and different learning mechanisms can differently facilitate knowledge transfer to capture new opportunities. Further, the study introduces absorptive capability as a moderator of this knowledge transfer process. From the perspective of social capital and discussing how it affects organizational learning, the study not only integrates social networks, organizational learning and knowledge management theory with a novel examination process but also extends knowledge transfer studies to highlight SMEs' endogenous capabilities and their exogenous relationships. This evidence supplements the knowledge-based view of SMEs (Fuller & Tian, 2006; Presutti, Boari, & Fratocchi, 2016) and sheds new light on the role of social capital and organizational learning in knowledge transfer (Inkpen & Tsang, 2005).

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