



The role of technology and socialization in linking organizational context and knowledge conversion: The case of Malaysian Service Organizations



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ABSTRACT

This case study illustrates the effects of organizational contexts (e.g., structure and climate) on knowledge conversion, along with the mediating effect of socialization and the moderating impact of technology. Using the hierarchical regression methodology in the Malaysian service sector, this article argues that socialization has a significant effect on knowledge conversion. The case analysis underlines the issue that arise when socialization serves as both a dependent variable (to organizational context variables) and an independent (mediating) variable (to knowledge conversion). However, technology does not act as a moderator between organizational context and knowledge conversion. This paper brings them together to explain their linkage through mediation by socialization and moderation by technology, and to quantify the relationship.

1. Introduction

The service sector emphasizes the importance of knowledge and knowledge conversion. Empson (2001) highlights the application of specialist technical knowledge by professional service firms to the creation of customized solutions to clients' problems. Service organizations use knowledge to solve complex problems in order to provide customers with a differentiated range of solutions (Hedberg, 1990). According to Morris and Empson (1998), the term 'professional service firm' refers to an organization that trades mainly on the knowledge of its employees to develop and deliver intangible solutions to clients' problems. In the service sector, knowledge is created by employees, who use their knowledge as a source of competitive advantage and thereby profit from the commercialization of the knowledge (Jasimuddin, 2006a,b).

Most of the literature (Jasimuddin, Connell & Klein, 2012; Jasimuddin, 2008; Jasimuddin, 2007) surrounding KM argues for the role of organizational structure, climate, socialization, and information technology (IT) isolatedly to the extent of knowledge conversion. However, little is known about the linkage of knowledge conversion and organizational contexts with the mediating effect of socialization and the moderating impact of technology in the service sector. The present paper intends to fill the gap in the current literature. The insights of Nonaka and Takeuchi (1995) inspired the theoretical foundation of this study. This paper reviews the relevant literature, from

which it develops a theoretical model, which is tested empirically in the context of Malaysian service organizations.

2. Literature review and development of hypotheses

Drawing on the existing literature on the determinants of knowledge conversion, we infer that socialization is a precondition for knowledge conversion. The paper develops nine hypotheses regarding these concepts.

2.1. Knowledge conversion

Organizational knowledge has been recognized as organizations' most valuable strategic resource. Knowledge conversion is the key element of KM. Theories of knowledge identify the two major types of knowledge: explicit and tacit (Byosiere & Luethge, 2008). The concept of knowledge conversion explains how tacit and explicit knowledge interact along a continuum.

This interaction has been described in Nonaka's seminal work on the SECI model of knowledge with its four conversion processes and spiralling process of knowledge creation (Nonaka & Toyama, 2003; Nonaka & Takeuchi, 1995). The conversion of tacit knowledge to tacit knowledge is socialization. Socialization usually emerges from close interactions between mentor and apprentice that enable knowledge conversion. It happens through observation, imitation and practice.

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Knowledge conversion is a social process where organizational members exchange and combine knowledge through mechanisms such as documents, meetings, telephone conversations or telecommunications networks (Nonaka et al., 2001). Nonaka and Takeuchi's (1995) knowledge creation theory is an appropriate theory to underpin the theoretical framework for this research, as it explains the knowledge conversion process for an organization through the socialization process.

2.2. Organizational contexts

Organizations need to provide a suitable structure and a favourable climate for knowledge management to be implemented successfully. The independent variables that have been identified for this study are organizational structure and climate. While organizational structure is viewed from the dimensions of formalization and decentralization, the organizational climate is seen from the dimensions of supportive climate and innovative climate. These components are important for both socialization and knowledge conversion.

Most specifically, organizational structure can be discussed by looking at the extent of formalization in the organization and the degree of decentralization in decision-making. Two hypotheses have been developed from organizational structure variables. An organization that is less formal in its structure experiences greater organizational socialization because it provides better communication with partners and employees. It creates greater flexibility and openness, which is conducive to organizational socialization. An informal environment within the organization encourages employees to share knowledge voluntarily (Jasimuddin et al., 2007). A successful KM initiative requires interactions among employees. Interactions among people enhance the creation of new knowledge.

On the other hand, the existence of clear-cut goals in a bureaucratic organizational setting discourages the open discussion of new ideas that is essential for effective socialization (Islam, Jasimuddin, & Hasan, 2015). Less formalization creates a less formal atmosphere (e.g., lower adherence to rigid protocol) in the organization, which leads to greater socialization and is also conducive to the knowledge management process. Based on these arguments, the following hypothesis can be proposed:

H1. Formalization is negatively related to organizational socialization.

Decentralization is the delegation of authority throughout an organization. It provides more open and frequent communication and a tendency to focus on results. Decentralization involves the authorization of lower (subordinate) levels in an organizational hierarchy to take decisions regarding the use of organizational resources.

A decentralized decision-making structure also enables more spontaneous knowledge exchange and creativity among employees. It keeps the hierarchy of an organization effective as all levels take part in decision-making processes. The ultimate impact of this phenomenon is that it brings various levels of the organizational hierarchy closer, which boosts the process of socialization in the organization. These arguments lead to the conclusion that a decentralized structure creates more opportunities for interaction among the employees. It provides opportunities for learning, which reduces inferiority complexes and builds social confidence. Greater participation in decision-making also eliminates the boundary between those who make decisions and those who are affected by their decisions, thereby facilitating easy interaction and socialization. The above discussion leads to the following hypothesis:

H2. Decentralization is positively related to organizational socialization.

It is argued that a highly formal organization will offer a less supportive climate, and that the reverse will be the case for an informally structured organization. When organizational support is made available

to an employee, he or she will be more motivated in his or her work. Parallel to this, scholars indicate that an employee will always attempt to maintain a balance between effort expended and support received. As a result, an employee who receives support from an organization is likely to fulfil his or her feelings of indebtedness by displaying positive work behaviours. It is likely that a supportive climate will create an atmosphere of cooperation and openness that enhances teamwork and communication. Hence, organizational support is likely to increase employees' commitment towards the organization, which motivates employees to interact more with others. The degree of organizational support employees receive has an influence on their interaction. Informal interaction among colleagues will lead to greater socialization in the organization. Therefore, the following hypothesis is formulated:

H3. A supportive climate is positively related to organizational socialization.

An innovative climate encourages teamwork and allows considerable opportunity for employees to interact with each other (Shadur, Kienzle, & Rodwell, 1999). This interaction helps employees to undertake their work effectively, which leads to greater socialization in organizations. An innovative climate fosters human-to-human interaction in an organization, which is positively related to organizational socialization.

An innovative climate involves creativity, which leads to the intentional introduction and application of new and improved ways of doing things. New ideas and new concepts usually emerge from group activities wherein people interact face to face with each other and share their views, which results in innovation. Group activity is impossible without socialization. Through socialization, employees interact with each other more frequently, which provides opportunities for discussion of the day-to-day affairs of the organization.

The above discussions suggest that an innovative climate provides an open environment where employees can experiment and try different ways of completing their work. An innovative climate also encourages teamwork and lateral communications, as well as the blurring of job boundaries to facilitate interaction among the employees. In an innovative climate, employees gain opportunities to come closer to each other, which helps an organization develop greater socialization. Based on this premise, the following hypothesis is proposed:

H4. An innovative climate is positively related to organizational socialization.

2.3. Information technology

Organizations place high value on the application of IT in implementing knowledge management (Lee & Suh, 2003; Jasimuddin, Connell & Klein, 2006; Jasimuddin, 2005). In line with this, IT plays a vital role in knowledge conversion within organizations. While organizational climate and structure provide motivation for socialization, IT facilitates the smooth transfer of knowledge. The use of IT within an organization has an impact on the design of the business, its economic performance and the working conditions of organizational members (Doherty, Champion, & Wang, 2010).

IT artefacts, such as data mining tools, knowledge repositories, databases, electronic bulletin boards and discussion forums, support the creation, storage, retrieval, transfer and use of knowledge (Butler & Murphy, 2007; Zhang & Jasimuddin, 2012). IT allows frequent information access in organizations. It also helps to keep track of persons with particular expertise and ensures rapid communication between them (Bloodgood and Salisbury, 2001; Jasimuddin, Klein, & Connell 2005). In this study, the availability of IT is viewed as a moderating variable that enhances the relationship between organizational contexts (structure and climate) and organizational socialization. Although it is important to use technology to facilitate the management of knowledge resources, technology alone cannot solve specific

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