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# Knowledge creating ba as a determinant of work performance of employees: An empirical analysis among pump manufacturing firms in South India

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#### ABSTRACT

Knowledge Management is gaining momentum and organizations look towards knowledge management for improving the individual capacity of employees. Knowledge creation is a continual process and effective management and creation of new knowledge is an integral part of any organization. Organizations should provide an environment to nurture and create new knowledge. This paper explores the knowledge creation practices and how does it influence the work performance of employees. Research model has been developed to determine the impact of knowledge creation on work performance of employees and to understand which of four knowledge creating 'ba's has a greater impact on work performance. The research revealed that of the four 'ba's, dialoguing ba showed significant impact on work performance, thus illustrating that most of new knowledge created is mainly through dialogues and interaction among employees. The study further discusses how the organizations can develop the enabling context and conditions for creation new knowledge.

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#### 1. Introduction

Knowledge has had its presence in the philosophical discussion even before the Socratic era (Prusak, 1997; Takeuchi, 2001). The importance of knowledge has grown considerably over the years. Knowledge as a resource that needs to be managed in an organizational context is what has gained renewed interest. For many years, organizational knowledge has been stored in several ways, including human minds, documents, policies and procedures and shared among individuals through such means as conversations, training, apprenticeship programs and reports. Managing the dynamics of knowledge assets in organizations are crucial for their competitive advantage (Tsai, Li, & Lin, 2012). Organizations have to be able to transform their knowledge domains into profitable products and services as well as they have to dynamically renew their capabilities (Schiuma, 2012). Organizations look towards Knowledge Management for improving their performance than their competitors (Marques & Simon, 2006). They have to continuously and actively identify, acquire, organize, share, apply and

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assess their knowledge resources (Schiuma, 2012) because knowledge contributes to performance by better quality and lower cost through product and process innovation (Chang & Ahn, 2005).

Individual learning contributes to organizational learning (Simon, 1991) and gets embedded in organizational memory (Argyris & Schon, 1978). Individual learning process results in improved work performance and work satisfaction when knowledge is created and applied in work practices (Mikkelsen & Gronhaug, 1999). Employee work performance is always a research interest all over the world. Organizations continuously try to understand the antecedents that influence individual work performance. Visweswaran and Ones (2000) define Work Performance as scalable actions behavior and outcomes that employees engage in or bring about that are linked with and contribute to organizational goals.

The pump manufacturing industry is on upward swing and continuously undergoing structural changes. The pump manufacturing firms in India are located as clusters in and around major cities like Ahmedabad, Kolkata, Hyderabad, Coimbatore etc. The indigenous pump and motor industry in Coimbatore started way back in early 1900's and the first pump was developed in 1928 in Coimbatore. Less attention is paid so far by the firms to actively create, capture and manage the tacit knowledge of the employees. Also lack of proper documentation and codification of knowledge

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and best practices, transfer of individual knowledge held by key personnel into organizational knowledge are the main challenges faced by these firms. The manpower of this industry has to be equipped with the necessary skill sets and knowledge to improve their work performance so as to produce innovative and quality products to enhance productivity, quality and service to customers.

Given the importance of knowledge management, work performance of employees in pump manufacturing firms, and the lack of literature showcasing the relationship, it is necessary to analyze the connection between knowledge creation and work performance. This study is undertaken to understand the relationship between knowledge creation practices and work performance and more particularly how the four 'ba's of knowledge creation individually affect the work performance by developing an empirical model. The structure of the paper is as follows. Section 2 reviews the existing literature on Knowledge Management and Knowledge Creation. Section 3 explains the research methodology, justifies the sample chosen and respondents. This section also explains the development of questionnaire followed by data analysis. Then the paper presents the results of the study, discussions and implications. The last section has conclusion and future research directions.

#### 2. Literature review and hypothesis development

The knowledge management literature suggests that since mid 1970s, economies and society have become more information and knowledge-intensive (Neef, 1999). In the post industrial society, theoretical knowledge has become more important type of knowledge. Theoretical knowledge represents abstract knowledge and principles which can be codified or atleast embedded in systems of rules and frameworks for action. Thus managing both tacit and explicit knowledge came into practice. With the advent of latest technologies in IT, the design and development of appropriate processes for managing organizational knowledge has improved.

Knowledge Management (KM) is defined as a systematic and organized attempt to use knowledge within an organization to transform its ability to store and use knowledge to improve performance (Robinson, Carrillo, Anumba, & Al-Ghassani, 2001). Hlupic, Pouloudi, and Rzevski (2002) suggest that Knowledge Management would give organizations the operational ability to identify their strengths and weakness, bring out the hidden potential of the employees, understand and respond as perceived by the end consumers. Knowledge management focuses on organizing and making available important knowledge, wherever and whenever it is needed. The traditional emphasis in Knowledge Management has been on knowledge that is recognized and already articulated in some form, but increasingly, KM has also incorporated managing important tacit knowledge.

#### 2.1. Knowledge creation

The creation of new organizational knowledge is increasingly becoming a managerial priority (Spraggon & Bodolica, 2008). Knowledge creation capability plays a vital role for betterment of individual performance (Huang, Liu, & Warden, 2005). Organizations strive to create new knowledge to remain competitive. Henderson and Clark (1990) suggest that firms need to develop and renew their knowledge continually to prevent knowledge from becoming obsolete. Knowledge creation is the process of producing new knowledge by assimilating and integrating the existing knowledge. Mitchell and Boyle (2010) stress that knowledge

creation is the generation, development, implementation and exploitation of new ideas. Knowledge creation and knowledge transfer are antecedents of knowledge exploitation and exploration (Horng, Tswei, & Chen, 2009). Styhre, Roth, and Ingelgard (2002) defines Knowledge Creation as the method through which new ideas are generated, incorporating activities, interactions and other organizational mechanisms. Knowledge is created in work practices. Experiencing and then reflecting on the experiences are the key processes in knowledge creation.

Knowledge creation relates to knowledge addition and/or correction of existing knowledge (Shin, Holden, & Schmidt, 2001). Two types of knowledge, tacit and explicit co-exist in an organization. Polanyi (1962) states that tacit knowledge is non-verbalized, intuitive, more unarticulated and resides within individuals. Explicit knowledge is more structured and available in codified form in the organization (Koulopoulos & Frappaolo, 1999). The two types of knowledge are contemporary and they are crucial for knowledge creation (Nonaka, 1990). Nonaka and Takeuchi (1995) developed a spiral process model called Socialization-Externalization-Combination-Internalization (SECI) for knowledge creation where tacit and explicit knowledge are converted from one form to another by involving the four processes.

#### 2.2. Knowledge creation: the role of 'ba'

Followed by SECI model, Nonaka and Takeuchi (1995) identified a concept called 'ba' and defines 'ba' in knowledge creation as a platform where knowledge is created, shared and exploited. Knowledge is created not just by an individual but through interactions among individuals in an environment. Nonaka and Toyama (2002) state that 'ba' is a place where information is given meaning through interpretation to become knowledge and new knowledge is created out of existing knowledge through the change of meanings and contexts. There are four types of ba: originating, dialoguing, systematizing and exercising. Each type supports a particular mode of knowledge conversion between tacit and explicit. The characteristics of each type of 'ba' as given by Nonaka and Nishiguchi (2001) are,

- Originating ba is the place where individuals share feelings, emotions, experiences and mental models. Physical face-to-face experiences are the key in converting tacit knowledge into tacit knowledge. Originating ba is necessary during the socialization phase.
- Dialoguing ba is a situation, where by means of dialogue, individuals share their experience and abilities. Externalization phase requires dialoguing ba.
- Systematizing ba is a place of interaction in a virtual world instead of sharing of space and time in reality. Systematizing ba supports combination phase.
- Exercising ba supports focused training with mentors and colleagues through continued exercising. Learning by continuous self-refinement through on-the-job training or peripheral and active participation is stressed in this ba. Exercising ba is linked to internalization phase.

The knowledge generated in each ba is eventually shared and forms the knowledge base for organizations.

#### 2.3. Knowledge creation: enabling conditions

In addition to the enabling context 'ba', the recent literature addresses the 'enabling conditions' for knowledge creation. For

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