

# The Relationship of Knowledge Management Capabilities, Learning Organization and Organizational Performance in Public Sector of Dubai Government

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## ABSTRACT

Knowledge management and learning organization are said to be closely-linked and dependent on each other. However, there are very few researches done in focusing on these two areas relationship especially on the public sectors setting. The purpose of this research is to investigate the impact of knowledge management capability which consisted of knowledge infrastructure capability and knowledge process capability on learning organization. The framework provides useful perspective for investigating knowledge management capability towards learning organization in public sectors in Dubai

**Keywords:** knowledge management capabilities, learning organization, Road and Transport Authority Dubai

## I INTRODUCTION

The changes in the global economy require organization to take more active role in developing knowledge management and learning organization initiatives (Chinowsky and Carrillo, 2007). Knowledge management (KM) is becoming increasingly important as organizations realize that sustainable competitive advantage centres on effective management of their vast and varied knowledge assets (Kulkarni and Louis, 2003; Wiig, 2003; Davenport and Prusak, 1998). The goals of KM are the leveraging and improvement of the organization's knowledge assets to effectuate better knowledge practices, improved organizational behaviours, better decisions and improved organizational performance (King, 2009). More and more organizations are realizing the importance of knowledge management (KM) in order for them to remain active in a dynamic business environment and many of them have invested lots of money in various KM initiatives (Pee and Kankanhalli, 2009). In order for organizations to remain competitive, it needs to

adapt themselves to the new changes and developments (Alipour, et al., 2011), it is crucial for the organization to transform from a focus on knowledge management to a focus on developing a learning culture (Chinowsky & Carrillo, 2007). To improve their performance, organization need to focus on continuous learning and use of knowledge, this can serve as a critical key to success for facilitating individual, team and organizational learning leading to continuous improvement and innovation in business operations (Harrim, 2008; Watkins and Marsick, 1996; Weldy, 2009 as quoted by Alipour et al., 2011). Knowledge workers have become the most vital asset in the knowledge-based society (Drucker, 1993 as cited by Li-An Ho, 2008). Therefore, qualified employees are a critical component of business success, and effective strategies for continuously enhancing employees' competency are in urgent needs. A learning organization is considered a new privilege in this competitive world (Zare, Jajarmizadeh and Abbasi, 2010) because organizations need to learn in order to strive hard to overcome the chaotic and changing conditions (Hannah & Lester, 2009) especially in the era of knowledge-based economy. Being learning organization would give an organization a competitive advantage therefore organization must be a learning organization (Aggestam, 2010).

The GCC countries are able to build their infrastructure on the reliance of large number of foreign labour, experts and firms, thanks to their abundant financial resources (Mhamed and AlYahya (2010, 2011). With strong financial resources, GCC managed to lure the finest brains to play their role in execution of important processes (Abdullah and Date, 2009). These foreign talents help these countries to fill the gap in areas where skill-knowledge is sorely lacking in order to carry out economic development.

It is Dubai's objective to ensure that the knowledge brought by these foreign talents does not leave the shore when they return to their homelands. In this technological era, it is now possible to codify, store and share certain kinds of knowledge easily and cheaply than ever before. The experience of staff of professional firms which is relevant to any company that depends on smart people and the flow of ideas provide a window onto what works and what doesn't. Knowledge must be carefully codified and stored in databases, where it can be accessed and easily used by anyone in the company which is codification strategy and personalization strategy (Hansen et al., 1999). The literature of knowledge management is still evolving (Nonaka, 1991; Nonaka and Takeuchi, 1995; Davenport and Prusak, 1998, Davenport et al., 1998, 2002, Alavi and Leidner, 2001). Since it is still growing, there are many areas and issues to be acknowledged and addressed to further improvise the system of knowledge management in the organization.

Therefore, implementing knowledge management system (KMS) and practising knowledge management (KM) activities need to be monitored and measured in order to identify and rectify any weaknesses or gap, in creating learning culture thus encourage every entity in the organization to acquire and create knowledge towards better organizational performance.

Knowledge management is said as closely linked to learning organization (Aggestam, 2006), but the link between these two areas in terms of progressing from a KM strategy to a learning organization initiatives is less apparent. Knowledge management researches in Arabs' regions are still very scarce and new (Motvani et al, 2007; Zaim et al, 2007, Alrawi, 2008). According to Sandelands (1999) and Amidon (1996) (as cited by Loermans, 2002), companies that are not able to embrace shared learning and knowledge generation at the organizational level will simply disappear. High velocity change in the extant global business environment demands high-velocity learning and with the rate of change continuing to increase relentlessly, pressure on learning at organizational level has never been greater. This demands new knowledge to be generated continuously and managed in a systematic way. The combined disciplines of the LO and KM provide the theoretical framework within which this can

occur. Therefore, both KM and LO are critical for organizational success and long-term viability (Loermans, 2002). Therefore, this research attempts to fill up this gap.

Assessment is the first step towards improvement. Only through assessment, improvement can be done in rectifying the gaps of expected performance. Many business consultants and strategy theorists consider Knowledge Management (KM) critical to the success of an organization. While a few empirical studies have investigated the relationships among KM capability and various measures of performance, it is still not known what KM capabilities actually affect organization performance (Yang & Chen, 2009). This research attempts to identify the impact of knowledge management process (KMP) of public sector organization on learning organization (LO) thus on organizational performance. Having invested heavily in KM initiative, it is important for the organization to measure its performance. The process of KM (acquisition, creation, storage, dissemination and protection) plays an important role in KM model especially in supporting learning LO in the organization. In a nutshell, facing with calls for on-going efficiency savings, transformation, reform and improvement, this research attempts to identify the impact of knowledge management implementation of Dubai's RTA (Roads and Transport Authority) by integrating knowledge management capabilities which consists of knowledge management infrastructure capability and knowledge management process capability on its learning organization capacity. This research attempts to investigate the impact of KM process on LO. The result of this research would assist the organization in recognizing its KM implementation and realizing its LO hence set strategies for betterment, thus, achieving better organizational performance. The model proposed in this research is to assess the KM process impact on LO of the organization and what improvements the organization should undertake. Finally, the aim of this research is to determine the level of KM process on LO in RTA using structured questionnaires. Taking a clue from these findings, would assist RTA to set its strategy in ensuring valuable knowledge captured and stored accordingly that support its learning organization process. Thus it leads to propositions of:

- What is KM capabilities relationship to perceived organization performance?
- How much KM Capabilities has influence on Learning Organization of RTA?
- What are the relationship of knowledge management capabilities on organizational performance with the support learning organization in RTA?

## II LITERATURE REVIEW

Knowledge management initiatives pay off by helping the organization embed knowledge into organizational processes so that it can continuously improve its practices and behaviours and pursue the achievement of its goals, therefore learning organization is one of the important ways in which the organizations can sustainably improve its utilization of knowledge (King, 2009, 2008). Learning organization and knowledge management disciplines must become mutually self-supporting; one concept simply cannot operate without the other (Loermans, 2002).

### A. Knowledge management

Gurteen (1999) defined knowledge management as business philosophy that is an emerging set of principles, processes, organizational structures, technology applications that help people to share and leverage their knowledge to meet their business objectives. Knowledge management has been defined as the process of accumulating and creating knowledge and facilitating the sharing of knowledge so that it can be applied effectively throughout the organization (Turban et al., 2003). Knowledge management can be defined as the creation, acquisitions sharing and utilization of knowledge for the promotion of organizational performance (Laurie, 1997). Knowledge management is the continuous processes of managing all knowledge in order to anticipate current and future needs, to identify and exploit existing and acquired knowledge as well as developing new opportunities (Quintas et al (1997); Carrillo et al. (2004)

### B. Knowledge management Capabilities

Knowledge management capability (KMC) is defined as the capability of organization in managing knowledge (Gold et al., 2001). Amit and Shoemaker (1993) had expressed that KMC can be viewed in terms of processes and infrastructures that an organization uses to

convert its inputs into desired outputs (Duta et al., 2005). Therefore, KMC of an organizational would comprise of KM infrastructure capability and KM process capability.

### Knowledge Infrastructure Capabilities

Building an effective social environment within which people operate is a crucial requirement for effective knowledge management (Gupta and Govindarajan, 2000). Grundstein (2008) distinguish two approaches in KM ; technological approach demand solution based on technology and another approach is management approach, which is more towards “people-focused” (Wiig, 2003); integrates knowledge as resources to the implementation of strategic vision of the organization. Knowledge Management Infrastructure Capability (KMIC) which consists of people, structure, culture and technology (Gold et al. 2001) are crucial to regulate and ensure KM is taking place.

### Knowledge Process Capabilities

Knowledge Management Process Capability (KMPC) consists of process of KM of the organization (Gold et al. 2001) of knowledge acquisition, knowledge creation, knowledge dissemination, knowledge storage and knowledge protection (Lee and Choi, 2007) for the promotion of organizational performance (Laurie, 1997). Knowledge acquisition refers to organizational effort to capture knowledge, tacit or explicit. , knowledge creation refers to the organization’s effort to gather information and new knowledge from internal and external sources and codify it into explicit knowledge. The next process is knowledge dissemination to particular members when they need it (Lee and Sukoco, 2007). Since knowledge is the key resource of competitive advantage, storing and protecting knowledge create value for the organization (Berry, 2000).

### C. Learning Organization

The most frequently-cited definition of the learning organization in the European literature is that of Pedlar et al., (1991) define a learning organization as “one which facilitates the learning of all of its members and continuously transform itself”. The definition implies that the organization is experiencing a process of continuous change and adaptation and focuses on learning about the change process itself while at the same time enabling individuals’ learning

(Garavan, 1997). Watskins and Marsick (2003, 1993, 1996) offered seven dimensions of a learning organizations as action imperatives model to help individuals and teams within organizations to view the organization through a learning perspective in order to identify practices that advance the learning process and make arrangements to change the impediments that prevent or slow down organizational learning.

#### **D. KM Capabilities and Organizational Performance**

Effective knowledge management process capability contributes to organizational effectiveness which improves the operation of the organizations by creating value (Gold et al. 2001). The contributions may include; improved ability to innovate, improved coordination of efforts and reduced redundancy of information/knowledge. Afouni (2007) as cited by Li-An Ho (2008) argues that combining human resource management initiatives with those of KM will help improve OP. This is further supported by Lee and Lee (2007) that there is empirical relationship among KM and OP.

#### **E. KM Capabilities and Learning Organization**

The accumulation of knowledge and its association with the learning process has intrigued mankind for centuries (Loermans, 2002). KM and LO are inextricably linked to the extent that they should be always discussed in concert. Learning and knowledge are intertwined in an iterative, mutually reinforcing process while learning (process) produces new knowledge (content) and knowledge impacts future learning (Vera & Crossman, 2003 as cited by Chawla & Joshi, 2011). Calaveri (2004) emphasizes on the close alignment between KM and LO by integrating the two in a framework & argues that knowledge both informs learning and is also its product. Establishing a learning organization through knowledge creation & sharing is not easy & requires an evaluation of existing situation and identify areas where learning is needed. Knowledge management is a key to learning organization as it creates an environment of trust and commitment; this continuous change in the organizations fosters a learning environment through knowledge

management (Maqsood & Walker, 2007 as cited by Chawla & Joshi, 2011).

#### **F. Learning Organization and Organizational Performance**

Based on Watskins & Marsick (1993, 1996), learning in organizations can occur at three levels: individual, team and organization. The learning organization is an important and valuable means of facilitating learning and knowledge management and has been viewed as an important plan for making improvements in organizational performance in order for the organization to remain competitive (Davis & Daley, 2008). It emphasizes on the need to take action and make changes based on learning that has already occurred in order to improve performance (Weldy, 2009). Learning organizations promote innovation and employee creativity (Calatone et al., 2002; Ramus & Steger, 2000) which in turn helps to improve organizational performance. Learning organization facilitate knowledge transfer and sharing within organization (Jiang & Li, 2008) which is very important in the process of organizational performance.

#### **G. KM Capabilities, Learning Organization and Organizational Performance**

According to King (2009), organizational learning is one of the important ways in which the organization can sustainably improve its utilization of knowledge. Knowledge process capability improves organizational processes such as innovation, collaborative decision-making and individual and collective learning (King, 2008). These improved organizational processes produce immediate outcomes such as better decisions, organizational behaviours, products, services and relationship thus improved organizational performance. In her survey, Li-An Ho (2008) found that Learning Organization (LO) and Knowledge Management Capability (KM) have direct and significant influences on Organization Performance and in her study both, LO and KM act as mediation variables. Theriou & Chagzoglou (2008) recommend that KM and LO play their unique role in creating organizational capability that lead to superior performance. This is further supported by Kuo (2011) that found that organizational performance is improved through knowledge management capability and learning organization.

## H. Proposed Conceptual Framework

The literature review discussed earlier lead to the research model construction as shown Figure 1.

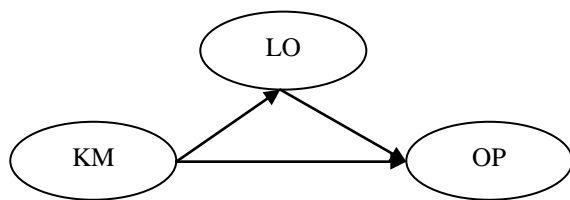


Figure 1. Proposed conceptual framework

## III. DISCUSSION

It is said that knowledge management is an extension of learning organization but the relationship between these two areas are scarcely research. Learning is important for the organization to keep the momentum of productivity especially in generating and utilizing new and current knowledge to the organization's advantages. Learning should be continuous and infinite in the organization. Only then, the organization would be able to move forward in capitalizing opportunities and gain competitive advantage. As knowledge has become the main capital in a knowledge-based economy and most organizations have adopted KM system, the assessment of KM need to be done in knowing the progress of KM especially in identifying learning activities in the organization. This would help organization in setting its strategic decision towards its strategic goals.

## IV. CONCLUSION

KM has become instrumental for organizations to be productive, efficient and effective especially in knowledge-intensive organizations. In the knowledge-economy, public sectors are expected to perform as efficient as private firms. Public sectors are facing different challenges in serving public while strategically support the goals of being efficient and productive government. Most of Dubai's public sectors have implemented knowledge management system in organizing their knowledge. However, till date, no measurement has been done on investigating the knowledge management capabilities level of KM in ensuring that it is progressing well and optimizing the organizational knowledge with the

objective that the country hopefully doesn't have to fully dependent on foreign talent in future. The integrative framework would promote the understanding of the importance of learning in the organization especially in public sectors which focusing on service rather than profit.

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