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The Relationship between Knowledge Management and Process Innovation in Malaysia Tourism Industry

Farid Md. Zain, Mad Ithnin Salleh & Suraini Mohd Rhouse

Department of Management and Leadership, Faculty of Management and Economics, Universiti Pendidikan Sultan Idris, 35900 Tanjung Malim, Perak, Malaysia

Abstract

Customer needs for tourism industry in Malaysia has change. To deal with it, business that involve in tourism industry should follow the customer's standard according to latest situation. Services standard should be improve using correct ways. In this paper, we share the value of knowledge management and process innovation. This is because we believe that any changes by these organizations will be more effective using the values of knowledge management and process innovation. The values of knowledge management are management leadership, organizational learning and performance measurement while process innovations are organizational innovation and incremental process innovation. The purpose of this paper is to investigate the relationship between knowledge management and process innovation in Malaysia tourism industry. Based on previous studies, a research model has been developed.

Keywords: Knowledge Management, Process Innovation, Malaysia Tourism Industry.

Introduction

Tourism industry in Malaysia has changed rapidly in terms of management approach, services, customer's needs, supplier attitudes and technology process approach. Because of these changes, competition between each organization becomes more serious (Miyake and Enkawa, 1999). Thus, organization has taken steps in terms of maintenance function that may have a bit advantages compared to others. Maintenance function can reduce the expenses for purchasing new material. Indirectly, it helps to decrease organization budget (Patterson et al. 1996). Organization became less competitive those days because there was less concern in maintenance function. This can give negative impact to organization; left behind.

Because of that, the best solution suggested by this paper is knowledge management and process innovation. According to Rhodes (2008), knowledge management is a best method to increase innovation and performance inside an organization. Besides, knowledge management is a set of methodology that was developed to handle information inside organization. Based on

both Resource-Based View (RBV) and Knowledge Base View (KBV) theories, knowledge is a main resource for an organization's stability (Jafari, 2007). Thus, the success of an organization is depending with the implementation of knowledge management (Drucker, 1993; Ho, 2008; Jiang and Li, 2009; Liao and Wu, 2010).

Lately, process innovation attracts a lot of increment in terms of empirical studies. More researchers believe process innovation as one of an efficient method. Studies have been conducted in multiple industries. For instance, research from Ismail and Mamat (2012) about the relationship between information technologies adoptions with process innovation. Based from their study, researchers found there are significance relationships between information technology adoptions with process innovation. (Rochina-Barrachina, 2010) did a research about innovation impact on productivity growth in Spanish. That research gave empirical evidence about process innovation foster in productivity growth.

This paper is written to investigate the relationship between knowledge management and process innovation in Malaysia tourism industry. In the same time, this paper trying to develop a research model for knowledge management and process innovation in Malaysia tourism industry. This paper begins with introduction of current situation of the tourism industry. The next section will review the literature on knowledge management and process innovation also the research hypotheses. Then the researchers continue with a research methodology, proposed research model, and the last section is conclusion.

Literature Review

Knowledge Management

Management Leadership

In an organization, management leadership becomes a main factor to lead the organization. If management systems are good, then the organization can achieve their target easily. According to Holsapple and Joshi (2000), leader is a role model for each staff. Leader need to show a good behavior through their action, output, discipline and spirit. Indirectly, leader must be able to influence their staff's behavior. Support and positive guidance from the management can give an impact to them to be motivated in doing their job. (Martensson, 2000; Truch, 2001; Jarrar, 2002; Sharp, 2003).

Organizational Learning

The management system is not the only factor contribute to successful of an organization. There are more factors that lead to successful of an organization such as organizational learning. Organizational learning is defined as collective ability and cognitive process (Aragón-Correa, 2007). Collective ability is referring as learning process based on experience while cognitive process involves gathering, sharing and usage of information. Besides, Dimitriades (2005) stated that successful organizational learning is when knowledgeable asset inside an organization is used in optimum to get good performance. Organizational learning divided into three; commitment to learning, vision sharing and open-mindedness (Baker and Sinkula, 1999; Calantone, 2002; Lee and Lee, 2007; Razi and Abdul Karim, 2010). These three dimensions can give a positive effect on knowledge management implementation (Liu et al. 2008). Besides,

(Zhang and China, 2008) stated that these dimension have significance and positive relationship in knowledge transfer, which includes organizational knowledge transfer, group movements and procedure movements.

Performance Measurement

Kuan (2005) stated that performance measurement act as a data collection that creates information needed based on certain condition or activities. Tocan (2009) supported that statement. Tocan said that performance measurement is a set of information collection about effectiveness and individual's productivity, groups and big organisations. The main focus about performance measurement is expansion, innovation and productivity. It's because these there aspect are considered as critical and need an attention so an organization can succeed.

Process Innovation

Organizational Innovation

According to Rogers (1995), innovation can be defined as a sum of money to be invested to get new ideas and products. Process innovation can be divided into four parts; individual, group, organization and social. To implement process innovation, organization innovation aspect should be emphasis. Organizational innovation is important to give chances to organization to expand their growth and get some competitive advantage. Generally, innovation can give advantage to organization if collaborate with an expert workforce in planning the aim of organization to higher level. In other words, this combination needs physical facility, skill workers, tangible and intangible assets to increase the organization performance.

Incremental Process Innovation

Afni et al (2014) stated that incremental process innovation is a process that has been successfully used by other organization. Incremental process innovation has been defined as a continuous improvement process in an organization (Mole, 1987; Reichstein, 2006). To sustain the organization competitiveness, process innovation should always be implemented and incremental process innovation should also be stressed. Study conducted proved that incremental process innovation are successful in process innovation and give an increase the organization performance. Research from Mast et al (2011) in healthcare industry proved that there are significance relationship on organization that implemented incremental process innovation and good firm performance.

Knowledge Management and Process Innovation

For this study, researcher has list three main factors for knowledge management; management leadership, organizational learning and performance measurement that support process innovation (organizational innovation and incremental process innovation) to increase the organization performance level. These three knowledge management factors have significance relationship with process innovation. Research from Liao and Wu (2010) about organizational learning as a critical key believes there are relationship between knowledge management and organizational innovation. Findings from their research stated that there should emphasis on value of knowledge management that can successfully give production of and next to increase firm performance.

Besides, research from Brachos et al (2007) investigates about relationship between management leadership with organizational innovation. Their research shows the main factors that contribute the successful value of knowledge management are belief, motivation, sharing information, support from higher management and oriental based learning. This factor is a factor under management leadership and has positive relationship in organizational leadership implementation. Meanwhile, performance measurement should always be a priority in each empirical study. It's because performance measurement is a benchmark for each study that stated a study shows positive or negative radar.

To understand the relationship between knowledge management and process innovation in Malaysia tourism industry, the following hypothesis will be tested.

H1: There is a positive and direct significant relationship between knowledge management and process innovation in Malaysia tourism industry.

Research Methodology

In this research, researcher has distributed questionnaire form to get data. The populations of this study consist of owner of organizations operated in tourism industry in Malaysia. Questionnaire form will be distributing to respondent using two methods; online and face-to-face. After the data have been collected, researcher will use Structural Equitation Modeling (SEM) technique to analyses the data. This research has importance implication for knowledge management and process innovation thus give an impact to firm performance. Because of that, researcher hope that this research can gives benefit to organization and also to researcher itself.

Proposed Research Model

Based on literature review, there are many empirical studies that have been conducted by researchers that research about relationship between knowledge management and process innovation. Research has covered multiple types of industry and sample. However, too little special research has been conducted relating to the value of knowledge management; management leadership, organizational learning and performance measurement against process innovation in tourism industry. Thus, in this paper, authors proposed to analyze the relationship between knowledge management and process innovation in Malaysia tourism industry. Figure 1 present the proposed research model.

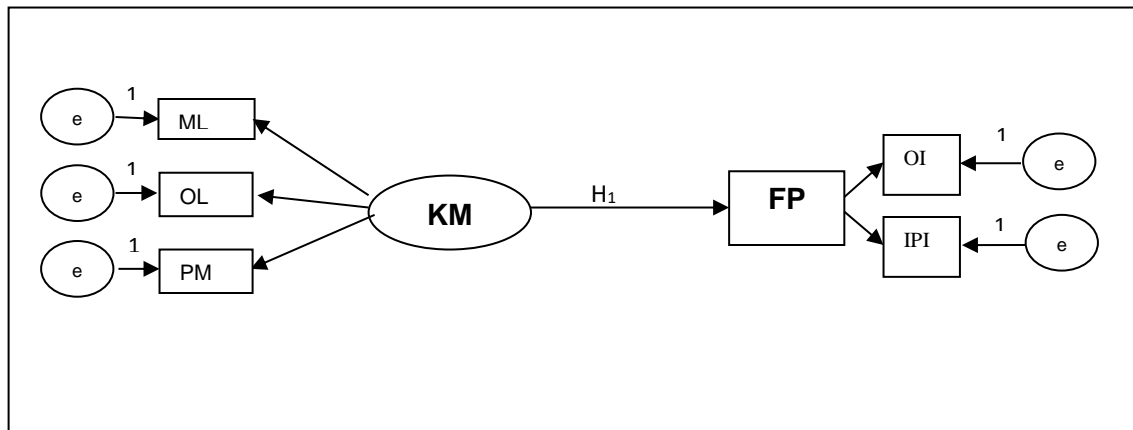


Figure 1: Proposed Model of the Study
(Knowledge Management and Process Innovation in Malaysia Tourism Industry)

Note : KM: Knowledge Management; ML: Management Leadership; OL: Organizational Learning; PM: Performance Measurement; PI: Process Innovation; OI: Organizational Innovation; IPI: Incremental Process Innovation

Conclusion

In a nutshell, this research can contribute and benefit to few parties like owners, tourism industry in Malaysia and academicians. This paper also can be used as a key indicator in order to implement knowledge management and process innovation in future. Challenges to execute these values can be diagnose early according to this research. A framework has been developed to investigate the relationship between knowledge management and process innovation in Malaysia tourism industry. Based on framework developed and references from previous studies, a hypothesis has been created. For the sake of this paper, a questionnaire has been created. Data obtained will be analyzed using SEM technique.

Corresponding Author

Farid Md. Zain
Department of Management and Leadership,
Faculty of Management and Economics,
Universiti Pendidikan Sultan Idris,
35900 Tanjung Malim, Perak, Malaysia
Email: faridyetnaza@ymail.com

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