

**THE IMPACT OF KNOWLEDGE INERTIA IN  
ORGANIZATIONAL INNOVATION (MEDIATING ROLE OF  
ORGANIZATIONAL LEARNING)**

**BY:**

**MOHAMED SIRAJ FATHIMA AKEELA**

**1520**

10 MAR 2016



FCM1520  
Project Report  
Library - EUSL

**DEPARTMENT OF MANAGEMENT  
FACULTY OF COMMERCE AND MANAGEMENT  
EASTERN UNIVERSITY, SRI LANKA**

**2015**

## ABSTRACT

Knowledge has become a significant asset both for individuals and organizations. Thus, successful knowledge management can be the chief determinant for the survival of an enterprise in a knowledge-based economy. Nevertheless, hurdles to efficient and effective knowledge management are many. One of these hurdles is knowledge inertia which may inhibit an organization's capability to learn and solve problems. However, when facing problems, people generally resort to their prior knowledge and experience for solutions. It affects the base of organizational learning and organizational innovation.

The study took three variables named knowledge inertia, organizational learning and organizational innovation to achieving the success towards the impact of knowledge inertia in organizational learning and organizational innovation in private sector organizations. The dimensions such as learning inertia, experience inertia, shared vision, commitment to learning, open mindedness, technical innovation and administrative innovation have taken to this study to measure the impact of three variables. The aim of this study is to identify the impact of knowledge inertia in organizational learning of private sector organizations of the above variables.

Information was gathered from employees who are working in private organizations at least one year by themselves. The sample size is 200 employees in private organizations in Puttalam District. The collected data are presented through univariate analysis, bivariate analysis and cross tab analysis using the SPSS 19.0 software.

According to the results obtained through the data, the level of knowledge inertia is in moderate level and the organizational learning and organizational innovation are in high level. Further it is proved that the knowledge inertia and the two variables organizational learning and organizational innovation have negative relationship as well as the organizational learning and organizational innovation have strong positive relationship.

So it can be concluded that there is negative influence of knowledge inertia in organizational learning and organizational innovation. On the other hand it can be

found the organizational learning plays a role as a mediator between knowledge inertia and organizational innovation.

**Key words:** Knowledge Inertia, Organizational learning, Organizational Innovation

# CONTENTS

|  | <b>Page No.</b> |
|--|-----------------|
| Certification  | i               |
| Acknowledgement                                      | ii              |
| Abstract   | iii - iv        |
| List of Tables                                       | v - vi          |
| List of Figures                                      | vii             |
| List of Abbreviations                                | viii            |
| <br>   |                 |
| <b>CHAPTER ONE: INTRODUCTION</b>                     | <b>1 - 7</b>    |
| 1.1 Background of the Study                          | 1 - 2           |
| 1.2 Empirical Gap                                    | 3 - 4           |
| 1.3 Research Questions                               | 4 - 5           |
| 1.4 Research Objectives                              | 5               |
| 1.5 Significance of the Study                        | 5 - 6           |
| 1.6 Scope of the Study                               | 6               |
| 1.7 Organizations of the Chapters                    | 6 - 7           |
| 1.7 Summary  | 8               |
| <br>   |                 |
| <b>CHAPTER TWO: LITERATURE REVIEW</b>                | <b>9 - 21</b>   |
| 2.1 Introduction                                     | 9               |
| 2.2 Definition of Knowledge                          | 9 - 10          |
| 2.3 Knowledge Management                             | 10              |
| 2.4 Importance of Managing Knowledge                 | 10 - 11         |
| 2.5 Barriers of Knowledge Management                 | 11 - 12         |
| 2.6 Definition of Knowledge Inertia                  | 12 - 15         |
| 2.6.1 Variables Related with Knowledge Inertia       | 15              |
| 2.6.1.1 Learning Inertia                             | 16              |
| 2.6.1.2 Experience Inertia                           | 16              |
| 2.7 Definition of Organizational Learning            | 16 - 17         |
| 2.7.1 Importance of Organizational Learning          | 17 - 18         |
| 2.7.2 Variables Related with Organizational Learning | 18              |

|         |   |         |
|---------|---|---------|
| 2.7.2.1 | Commitment to Learning  | 18      |
| 2.7.2.2 | Shared Vision   | 19      |
| 2.7.2.3 | Open- Mindedness  | 19      |
| 2.8     | Definition of Organizational Innovation   | 20 - 21 |
| 2.8.1   | Variables Related with Organizational Innovation  | 21      |
| 2.8.1.1 | Administrative Innovation   | 21      |
| 2.8.1.2 | Technical Innovation  | 21      |
| 2.9     | Connection between Knowledge Inertia, Organizational Learning and Organizational innovation | 22      |
| 2.9.1   | The Connection between the Knowledge Inertia and Organizational Learning                    | 22      |
| 2.9.2   | The Connection between the Knowledge Inertia and Organizational Innovation                  | 22      |
| 2.9.2   | The Connection between Organizational Learning and Organizational Innovation                | 22      |
| 2.10    | Knowledge Inertia, Organizational Learning and Organizational Innovation                    | 23      |
| 2.11    | Summary   | 24      |

## **CHAPTER THREE: CONCEPTUALIZATION & OPERATIONALIZATION** **25-32**

|         |                            |         |
|---------|----------------------------|---------|
| 3.1     | Introduction               | 25      |
| 3.2     | Conceptual Framework       | 25      |
| 3.3     | Hypothesis                 | 26      |
| 3.4     | Definition of Key Concepts | 26      |
| 3.4.1   | Knowledge Inertia          | 26      |
| 3.4.1.1 | Learning Inertia           | 27      |
| 3.4.1.2 | Experience Inertia         | 27      |
| 3.4.2   | Organizational Learning    | 27      |
| 3.4.2.1 | Share Vision               | 27 - 28 |
| 3.4.2.2 | Commitment to Learning     | 28      |
| 3.4.2.3 | Open - Mindedness          | 28      |
| 3.4.3   | Organizational Innovation  | 28      |

|                              |    |
|------------------------------|----|
| 3.4.3.2 Technical Innovation | 29 |
| 3.5 Operationalization       | 29 |
| 3.6 Summary                  | 32 |

## **CHAPTER FOUR: RESEARCH METHODOLOGY** **33-43**

|  |         |
|--|---------|
| 4.1 Introduction                               | 33      |
| 4.2 Study Setting                              | 33      |
| 4.2.1 Research Approach                        | 33      |
| 4.2.2 Time Horizon                             | 33      |
| 4.2.3 Unit of Analysis                         | 33 - 34 |
| 4.2.4 Study Population                         | 34      |
| 4.3 Sample Size and Sampling Framework         | 34      |
| 4.3.1 Sample Size                              | 34      |
| 4.3.2 Sampling Framework                       | 34 -35  |
| 4.4 Method of Data Collection                  | 35      |
| 4.4.1 Primary Data                             | 35      |
| 4.4.1.1 Questionnaire                          | 36      |
| 4.4.2 Secondary Data                           | 36      |
| 4.5 Method of Data Measurement                 | 36      |
| 4.5.1 Method of Measuring Personal Factors     | 37      |
| 4.5.2 Method of Measuring Research Information | 37      |
| 4.6 Method of Data Analysis                    | 37      |
| 4.7 Method of Data Evaluation                  | 37      |
| 4.7.1 Univariate Analysis and Evaluation       | 37 - 39 |
| 4.7.2 Bivariate Analysis and Evaluation        | 39      |
| 4.7.2.2 Regression Analysis                    | 40      |
| 4.7.2.3 Simple Mediation Analysis              | 40 - 41 |
| 4.8 Method of Data Presentation                | 41 - 42 |
| 4.8.1 Presentation of Personal Factors         | 42      |
| 4.8.2 Presentation of Research Information     | 42      |
| 4.9 Reliability                                | 43      |
| 4.10 Summary                                   | 43      |

|  |                |
|--|----------------|
| <b>CHAPTER FIVE: DATA PRESENTATION AND ANALYSIS</b>                        | <b>44 - 78</b> |
| 5.1 Introduction   | 44             |
| 5.2 Analysis of Reliability  | 44             |
| 5.3 Personal Information   | 45             |
| 5.3.1 Types of Organizations   | 45             |
| 5.3.2 Nature of Organizations  | 46 - 47        |
| 5.3.3 Gender Distribution  | 47             |
| 5.3.4 Age Level  | 47             |
| 5.3.5 Experience on Present Jobs   | 47 - 48        |
| 5.3.6 Job Position   | 48             |
| 5.3.7 Educational Qualification  | 48 - 49        |
| 5.3.8 Salary Scale   | 49             |
| 5.4 Research Information   | 49             |
| 5.4.1 Knowledge Inertia  | 50             |
| 5.4.1.1 Learning Inertia   | 50 - 51        |
| 5.4.1.2 Experience Inertia   | 51 - 53        |
| 5.4.1.3 Overview of Level of Knowledge Inertia                             | 53 - 54        |
| 5.4.2 Organizational Learning  | 54             |
| 5.4.2.1 Shared Vision  | 54 - 56        |
| 5.4.2.2 Commitment to Learning   | 56 - 57        |
| 5.4.2.3 Open Mindedness  | 57 - 58        |
| 5.4.2.4 Overview of Level of Organizational Learning                       | 58 - 59        |
| 5.4.3 Organizational Innovation  | 60             |
| 5.4.3.1 Technical Innovation   | 60 - 61        |
| 5.4.3.2 Administrative Innovation  | 61 - 62        |
| 5.4.3.3 Overview of Level of Organizational Innovation                     | 62 - 63        |
| 5.5 Relationship between Variables   | 63             |
| 5.5.1 Relationship between Knowledge Inertia and Organizational Learning   | 63 - 64        |
| 5.5.2 Relationship between Knowledge Inertia and Organizational Innovation | 64             |

|   |         |
|---|---------|
| 4) and Organizational Innovation  | 65      |
| 5.5.4 Relationship between Each Dimensions  | 65 - 66 |
| 5.6 Regression Analysis   | 67      |
| 5.6.1 Regression between Knowledge Inertia and Organizational Learning                                  | 67      |
| 5.6.2 Regression between Knowledge Inertia and Organizational Innovation                                | 67 - 68 |
| 5.6.3 Regression between Organizational Learning and Organizational Innovation                          | 68      |
| 5.6.4 Mediating Role of Organizational Learning between Knowledge Inertia and Organizational innovation | 68 - 71 |
| 5.7 Cross Tab Analysis  | 71      |
| 5.7.1 Nature of the Business with Dimensions and Variables  | 71 - 72 |
| 5.7.2 Gender with Dimensions and Variables  | 72 - 73 |
| 5.7.3 Age Level with Dimensions and Variables   | 73      |
| 5.7.4 Experience on Present Job with Dimensions and Variables   | 73 - 74 |
| 5.7.5 Job position with Dimensions and Variables  | 75      |
| 5.7.6 Educational Qualification with Dimension and Variables  | 76      |
| 5.7.7 Salary Scale with Dimensions and Variables  | 77      |
| 5.8 Overview of the Variables   | 78      |
| 5.9 Summary   | 78      |

## **CHAPTER SIX: DISCUSSION OF FINDINGS** 79 - 79

|                                      |         |
|--------------------------------------|---------|
| 6.1 Introduction                     | 79      |
| 6.2 Discussion on Personal Factors   | 79 - 80 |
| 6.3 Discussion on Research Variables | 80      |
| 6.3.1 Knowledge Inertia              | 80      |
| 6.3.1.1 Learning Inertia             | 80      |
| 6.3.1.2 Experience Inertia           | 80 - 81 |



|  |         |
|--|---------|
| 6.3.2.1 Shared Vision  | 81      |
| 6.3.2.2 Commitment to Learning   | 81 - 82 |
| 6.3.2.3 Open Mindedness  | 82      |
| 6.3.3 Organizational Innovation  | 82      |
| 6.3.3.1 Technical Innovation   | 82      |
| 6.3.3.2 Administrative Innovation  | 83      |
| 6.4 Discussion between Three Variables   | 83      |
| 6.4.1 Relationship between Knowledge Inertia and<br>Organizational Learning                                    | 83 - 84 |
| 6.4.2 Relationship between Knowledge Inertia and<br>Organizational Innovation                                  | 84 - 85 |
| 6.4.3 Relationship between Organizational Learning<br>and Organizational Innovation                            | 85 - 86 |
| 6.4.4 The Mediating Role of Organizational Learning between<br>Knowledge inertia and Organizational Innovation | 86      |
| 6.5 Discussion on Cross Tabulation   | 87      |
| 6.5.1 Gender & Knowledge Inertia, Organizational Learning<br>and Organizational Innovation                     | 87      |
| 6.5.2 Nature of the Business & Knowledge Inertia,<br>Organizational Learning and Organizational Innovation     | 87      |
| 6.5.3 Age Group & Knowledge Inertia, Organizational<br>Learning and Organizational Innovation                  | 88      |
| 6.5.4 Experience & Knowledge Inertia, Organizational<br>Learning and Organizational Innovation                 | 88      |
| 6.5.5 Job Position & Knowledge Inertia, Organizational<br>Learning and Organizational Innovation               | 88 - 89 |
| 6.5.6 Educational Qualification & Knowledge Inertia,<br>Organizational Learning and Organizational Innovation  | 89      |
| 6.5.7 Salary Scale & Knowledge Inertia, Organizational<br>Learning and Organizational Innovation               | 89      |
| 6.6 Summary  | 89      |

## CHAPTER SEVEN: CONCLUSIONS AND RECOMMENDATIONS 90 - 88

|  |           |
|--|-----------|
| 7.1 Introduction                                   | 90        |
| 7.2 Conclusion                                     | 90        |
| 7.2.1 Conclusion for Objective One                 | 90 - 91   |
| 7.2.2 Conclusion for Objective Two                 | 91        |
| 7.2.3 Conclusion for Objective Three               | 91        |
| 7.2.4 Conclusion for Objective Four                | 91        |
| 7.2.5 Conclusion for Objective Five                | 92        |
| 7.2.6 Conclusion for Objective Six                 | 92        |
| 7.2.7 Conclusion for Objective Seven               | 92        |
| 7.2.8 Conclusion for Objective Eight               | 92        |
| 7.3 Recommendation of the Research                 | 93        |
| 7.3.1 Recommendation for Knowledge inertia         | 93 - 94   |
| 7.3.2 Recommendation for Organizational Learning   | 94 - 95   |
| 7.3.3 Recommendation for Organizational Innovation | 95 - 96   |
| 7.4 Implication of the Research                    | 96 - 97   |
| 7.5 Limitations of the Research                    | 97 - 98   |
| 7.6 Future Research                                | 98 - 99   |
| 7.7 Summary  | 99        |
| References   | xvi-xxii  |
| Appendix   | xxii-xxvi |