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The Role of Knowledge Creation, Sharing and Utilization to the Resource based View of Competitive Advantage

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Abstract- Almost every organization strives to make a profit by offering to the market a single value that cannot be provided by competitors. This uniqueness is what gives an organization a competitive advantage over rival organizations, and help it to reach its objectives. Henceforth, to build such singularity over time supposes the possession of a knowledge that others have not. This paper discusses the extent to which knowledge creation, sharing, and utilization are crucial in creating competitive advantage. Therefore, this articleevolves around key factors that create and maintain competitive advantage; among them, we note mechanisms through which knowledge is acquired and developed, the role of management styles in knowledge management settings, the organization status, the innovation process, and the strategic management.

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THEROLEOFKNOWLEDGECREATIONSHARINGANDUTILIZATIONTOTHERESOURCEBASEDVIEWOFCOMPETITIVEADVANTAGE

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Abstract- **Almost every organization strives to make a profit by offering to the market a single value that cannot be provided by competitors. This uniqueness is what gives an organization a competitive advantage over rival organizations, and help it to reach its objectives. Henceforth, to build such singularity over time supposes the possession of a knowledge that others have not. This paper discusses the extent to which knowledge creation, sharing, and utilization are crucial in creating competitive advantage. Therefore, this articleevolves around key factors that create and maintain competitive advantage; among them, we note mechanisms through which knowledge is acquired and developed, the role of management styles in knowledge management settings, the organization status, the innovation process, and the strategic management.**

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I. Introduction

The main goal of organizations is undoubtedly the creation of value to induce a sustainable improvement in communities' welfare and thus, ensuring their perpetuation. To attain that goal, organizations have to keep up with the tide of changes within their environments by capturing and managing the flow of information coming from internal and external sources in order to build and enhance organizational knowledge and set a dynamic and effective knowledge management system enabling faster decision making, innovation and competitive advantage (Edosio, 2014).

Competitive advantage is the life jacket that prevents an organization from wrecking in the dangerous red sea of the fierce competitive environment. Kenyon and Sen (2015, p.5) state that ''competitive advantage is the life blood of every company.'' And they keep on explaining how it is next to impossible for a company to maintain itself in the business without sustaining its advantage on the market. All the same, Dasgupta and Gupta (2009, p.6) assert that ''innovation is a prerequisite for competitive advantage'' while Maher (2014) as cited in Szczepanska (2014, p.32) argues that ''knowledge is the primary resource for innovation.'' Rapprochement and close observation of these above mentioned assertions reveal that there is a continuum between concepts of competitive advantage, innovation, and knowledge. What suggests that the operational framework of the competitive advantage concept lies upon an intricate set of relevant factors channeled to favor its emergence. Furthermore, Fiegenbaum and Thomas (2004) as cited in Ceglinski (2016, p.63) noted that ''organizational learning studies have shown that firms that accumulate knowledge over time can use this knowledge as a source of competitive advantage.'' That remark sheds light on the direct link between knowledge and learning process and demonstrates that organizational knowledge is a fundamental component of organizational learning (Chiva and Alegre, 2005) since it stems from the learning process within the organization.

This paper discusses the extent to which knowledge creation, sharing, and utilization are crucial in creating competitive advantage. Therefore, our essay evolves around key factors that create and maintain competitive advantage; among them, we note mechanisms through which knowledge is acquired and developed, the role of management styles in knowledge management settings, the organization status, the innovation process, and the innovation cycle.

II. The Mechanism of Knowledge Generation

According to Dasgupta and Gupta (2009), knowledge appears as the most strategic resource for the firm in the fast-growing, overchanging, and complex market competitive environment. However, Knowledge is not a dubious thing but the consequence of the learning process, be it active or passive. And with consideration to the organizational perspective, the learning process comprises of knowledge acquisition, knowledge dissemination and shared implementation (Argote, 2013; Kuabara and Takahashi, 2017); moreover, knowledge acquisition responds to the structural aspects of organizational learning mechanisms that consist of collection, analysis, storage, distribution and use of information related to organization effectiveness (Gilaninia, Rankouh, and Gildeh, 2013).

An organization collects data from internal and external sources, processes them to obtain information to build a knowledge base reflecting strategic

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alternatives that align its resource and capabilities to the challenges of the environment in which it competes. Data from internal source accounts for the organization's strengths and weaknesses, whereas that from external source announces opportunities and threats of the organization (Ritson, 2011). An organization should assess honestly its ability to move toward the unpredictable future, relying on its current resources and capabilities. Thus, in one hand, information from inside the organization shows the state of existing knowledge and brings out the organizational knowledge gap, and at the other hand, external information alerts the organization to the pace and stakes of environmental changes. Since changes in the market environment are like moving ridges, the organization seek to fill the knowledge gap through generative learning and use its strengths to take the right wave and sail through turbulence. This thought is portrayed by actions of some oil and gas companies toward the energy transition stake with rising concerns about climate, technological advances, and geopolitical shifts. Bob Dudley, British Petroleum's group chief executive in his annual letter commenting on that situation stating:

> Our industry is changing at a pace not seen in decades. Oil, gas, and renewable are becoming more abundant and less costly…we believe having a balanced portfolio with advantaged oil and gas, competitive downstream and low carbon activities, as well as a dynamic investment strategy give us resilience. With the experience we have, the portfolio we have created and the flexibility of our strategy, we can embrace the energy transition in a way that enhances our investor proposition, while meeting the need for energy today (BP Annual Report and Form 20-F 2017, p. 12).

British Petroleum's group chief executive thought that the occurring changes aforementioned as a transformational change four oil and gas industry since it involves structural renewal, breakthrough technology, and a new equilibrium and so on, and accordingly, he presented the company capability to take that wave of change and remain competitive in the long run. This illustration further makes a stress on the *absorptive capacity* an organization should have. Argote (2013, p.41) asserts that ''organizations that are high in absorptive capacity are able to recognize the value of external information, assimilate it, and apply it to develop innovations.'' Garvin (2000, p.87) from his part, asserts the same thought stating ''whatever outside ideas, learning will only occur in a receptive environment.'' Organizations can learn either from their own experience – past or current – or from others' experience (vicarious experience). In both cases, organizational learning results in knowledge creation.

III. The Knowledge Management System

Once knowledge it is created, it has to be managed so that organization could keep harnessing and utilizing it in the way to trigger innovation, because competitive advantage occurs only when the knowledge creation cycle is uninterrupted. Thus, to maintain that cycle, the organization is supposed to develop a knowledge management system which is defined according to Gorelick and Monsou (2006) as cited in Dasgupta and Gupta (2009, p.208) as ''a system that promotes collaborative environment for capturing and sharing existing knowledge, creates opportunities to generate new knowledge, and provides the tools and approaches needed to apply what the organization knows in its effort to meet its strategic goals.'' That assertion confirms the idea of an uninterrupted flow of knowledge permanently supplied by organizational learning and presents knowledge management system as a coherent framework for innovation and competitive advantage achievement. However, the setting of such a system depends upon organizational contexts and relevant parameters of influence.

IV. The Role of Leadership in the Knowledge Management System

Firestone (1998, p.3) noted that ''organizational knowledge management system is greatly influenced by the power, influence, and authority structures existing in organizations.'' Meanwhile, Horth and Burchner (2014) argued that 20 percent to 67 percent of the variance on measures of the climate for creativity, and further for innovation is explained by leadership behavior.

Leadership is responsible for the design of both aspects of organizational context, namely active context and latent context; the active context is the context through which learning occurs, and the latent context is the one that influences the active context (Argote, 2013). Latent context of an organization mainly consists of its structure and culture. Szczepanska (2014) presented a descriptive approach of organizational culture in which culture is considered as an internal subsystem of the organization that allows its members and the overall organization to adapt to the environment. These subsystem components are deeply seated values, shared vision, norms, and so on. Leaders who expect to create value through innovation has to build a strong innovation-oriented culture within the organization and adopt an innovative approach to leadership enabling them to create an organizational climate where organization's members are encouraged to apply innovative thinking to solve problems, to face challenges, to adopt changes and to remain competitive. Such leadership is referred to as transformational leadership (Lousa and Monico, 2018), which is otherwise, a leadership for innovation

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consisting on setting the direction for the organization, creating alignment to vision and mission, and building commitment for innovation. Not only does transformational leadership instill innovation culture to members of the organization, it equally converts the overall entity to a learning organization.

V. Learning Organization: A Well-Designed Environment for Knowledge Creation, Sharing, and Utilization

Edosio (2014) considered a learning organization as an organization that uses learning to adapt and excel in a rapidly changing environment to increase growth and competitive advantage. Likewise, Garvin (2000, p.80) defines a learning organization as ''an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights.'' In other words, a learning organization is induced by the organizational innovation culture so that it frames the active context of the organization. When closely consider the preceding definitions of a learning organization and the previous assertion of Gorelick and Monsou (2006) on the knowledge management system, we can notice that only a learning organization can work out an effective knowledge management system since it has developed a coordinative intelligence for knowledge creation and implementation process through permanent learning. This type of organizations acquires knowledge from its internal structure through systematic problem solving, experimentation (ongoing programs and/or demonstration projects) and organization's memory (current and experience) and from external source, i.e., the environment through benchmarking or other market environment signals; then it fosters the transfer of knowledge by means of report, site visits and tours, personnel rotation programs, education, and training programs, and standardization programs (Garvin, 2000). To put it clearly, a learning organization is collectively creative and maintains the flow of knowledge through constant learning, with the intention of outperforming its competitors and establishes sustainably entry barriers in the market. To achieve this intent, the organization should put acquired knowledge into action. This process is what we call innovation.

VI. The Knowledge Utilization: Innovation Creation and the Strategic Management Process

Ramadani and Gerguri (2011, p.101) define innovation as ''a process of transforming the new ideas, new knowledge into new products and services.'' And Dasgupta and Gupta (2005, p.6) almost share the same view, stating that ''innovation is a learning process in which valuable ideas are transformed into new forms of added value for the organization and its stakeholders.'' Both definitions suggest two common insights; first of all, they present innovation as a transformational process, thus implying that it is rather a dynamic state than a freezing stage of knowledge. They also emphasize on the fact that innovation must bring forth concrete and quantifiable outcomes. Lionnet (2003, p.102) expressed the same perspective by defining innovation as ''a process by which a novel idea is brought to the stage where it eventually produces money.'' When knowledge is not applied to create a palpable benefit, it remains a mere assumption of change and a potential asset for competitive advantage.

To foster innovation, learning organizations use knowledge to set strategic intent and follow the consecutive strategic management process. Indeed, strategic planning is carried out by organizations in order to define or refine their vision, mission, and a specific set of goals, objectives, and policies in response to competition requirements (Maleka, 2014). Organizations utilize the knowledge acquired from internal and environmental surveys as a powerful asset to face market challenges and optimize opportunities. Their absorptive capacity enables them to geared their capabilities toward competitiveness, and adjust their vision according to market environment stakes. Is what most of the oil and gas companies have done to accommodate their businesses to the stream of the energy transition. For instance, Chevron has been developing renewable energy sources such as solar, wind, geothermal and biofuels; Total betting on a fourteen-percent growth of renewable towards 2040, has been integrating the renewable energy sources chain through direct investments with its subsidiaries as Total Solar, SunPower, Total Spring, and acquisitions such as that of Direct Energy (Total-Climat 2018) and BP is not doing the least by focusing on biofuels, biopower, wind energy and solar energy (BP Annual Report, 2017). They have all refined their vision on the energy market and have been acting accordingly.

After setting the strategic intent, the organization's leader must deploy it, i.e., share it throughout the organization. This sharing promotes vision sharing among members of the organization and consists on aligning members' perception of the organizational culture and build commitment through open and honest dialogs. Szczepanka (2014) notes that the deployment of strategic intent constitutes one of the essential element of innovation-oriented culture since it brings employees to appropriate the organization's vision. When members of the organization and leaders share the same vision, they can collaborate to define suitable actions to undertake in order to implement the strategic intent and specify performance measures to track progress. Then, resources can be allocated to

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fund the investment to reach the vision. It is not just question of financial resources but also that of other competence as innovation expertise (Lendel, Hittmar and Siantova, 2014) which supposes that members of the organization are fully prepared to use their skills and capabilities to ensure the innovation process. This stage of resources allocation permeates the execution of strategy through which innovation occurs.

Ramadani and Gerguri (2011, p.103) discussing the types of innovations distinguished four types of innovations beside which they presented a system approach taxonomy. The four basic types are incremental innovation, additive innovation, complementary innovation, and breakthrough innovation; and the systemic approach presents innovations which might help the organization succeed in improving its competitive position. They are operational innovation, organizational innovation, core-competence innovation, innovation of innovation, and so on. This classification clarifies the specificity of innovation management within an organization which one depends on market segment characteristics and internal structures. Some contemporary oil and gas companies are most concerned with complementary innovation by offering renewable energy, and that changes the structure of their businesses, extending it from a segment of the energy market to a global energy market; they also strive to achieve operational innovation by using technologies to improve researches and/or recovery of oil and gas, and refinery processes. But organizations such as universities may be focused on incremental innovation and core-competence innovation.

Regardless of their taxonomy, innovation provides an organization a means of survival within the hostile and fast-moving market environment. In other words, innovation is a value created to offer to an organization a competitive advantage that enables it to outperform its competitors.

Wen, Chien, and Ying (2011) argued that competitive advantage could only be developed by value creation in a way that is difficult for competitors to imitate. Kenyon and Sen (2015) discuss that with the advanced technologies that are driving globalization, the economic barriers to entry such as time and distance, natural resources and economy of scale are no longer effective. They are increasingly accessible and easy to imitate. This argumentation is explained by the fact that when an organization implements a strategy which successfully creates value, its competitors can through benchmarking process understand and replicate that strategy, and have the same outcome. Ceglinski (2016, p.65) considers that ''the erosion of advantage occurs routinely as a result of dynamic and interactive rivalry.'' It is the reason why the strategic management process cannot be drawn up at the stage of strategy implementation in which innovation occurs; it has to continue to reach the stage that helps an organization design a strategy which is more about developing the responsiveness and flexibility to create successive temporary advantages (Ceglinski, 2016). The background for designing such a strategy is the flow of knowledge generated through the deployment of strategy implementation results and the review of performance. The deployment of results consists on measuring the efficiency and effectiveness of the strategy execution and leads further to a critical analysis of the performance achieved so that the organization can adjust or improve the strategic intent through adaptive or generative learning. The new knowledge thence created is used to nurture the innovation creation process cycle and restart the strategic management process. This is consistent with Dasgupta and Gupta (2005, p.208) who underlined that ''it is not existing knowledge in a firm that is the source of competitive advantage. It is the ability to apply knowledge effectively to create new knowledge.'' The same view is relayed by Lendel, Hittmar, and Siantova (2014) who think that innovation process lays upon the organizational learning process, which contributes to its continuous improvement. And because innovation provides a competitive advantage.

VII. Conclusion

It is clear that knowledge constitutes the core of organizations existence, since it contributes to their creation and then serves them as a nutrient to help them grow, compete, diversify and keep growing over time; and when knowledge is taken off them, they stop growing, slenderize and die out.

Competitive advantage relies strongly on knowledge created by the flow of information collected and made useful by an organization. Thence, the organization's structure and leadership, the pace of the innovation cycle, and the implementation of the strategic management process within the organization help to create a sustainable competitive advantage.

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