

# **Knowledge Management Encouraging of Innovation Through The Acceleration of Real Business Solution Towards Business Performance (Case Study: Activity of RBS on Graduate School)**

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**ABSTRACT:** *In business competition is getting tougher and faster, demanding more and more businesses move faster. Therefore, knowledge management is a necessity and is a system in a company. Knowledge management has become a source of competitive advantage and contributes to the company and as a strategy to maintain the company's position in the context of increasing competition. In order to create new knowledge that accelerates the process of innovation, because innovation capabilities are becoming increasingly important at this time, but the process of innovation is an effort for companies to improve business performance and growth of the company. As the implementation of knowledge management through the activities of the real business solutions (RBS) with synergy between knowledge creation and corporate entrepreneurial has the potential to achieve success for the company.*

**KEYWORDS:** *knowledge management, business performance, real business solutions, innovation, entrepreneurship.*

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## **I. INTRODUCTION**

In the framework of ongoing globalization it would be a challenge for some countries, especially in Asia associated with the (Asian Economic Community) AEC in 2015, How do companies face the challenge of facilitating?, And previously an answer to the question the question is the reason why knowledge management is needed, while for companies classified as organizational learning, knowledge management has become a necessity. The company's needs regarding knowledge management has been emphasized by Nonaka and Takeuchi (1995) which says that "In the economic aspects when the only thing that there is no certainty but that is sure to create a sustainable competitive advantage is knowledge. For successful company there are people who are able to create new knowledge, distribute it to everyone in the organization and quickly to create new products and technologies. If in a dynamic of business environment and the successful companies are companies that dare to take of different action from other companies. This company will always strive to have better of new ideas through by sustainable learning process and risk-taking. Knowledge has become a source of competitive advantage and companies seeking an important role in maintaining the company's position in order to increase competition. thus the ability to innovate is becoming increasingly important, as it is believed the process of innovation as the foundation the development and growth of the company. However, innovation does not just show up without the active efforts from the company.

## **II. LITERATURE REVIEW**

**Knowledge Management:** Viitala (2004) states that knowledge management has become a topic of great interest at the moment, so many companies begin to manage knowledge in organizations, because this is known as a source of knowledge is important in maintaining a competitive advantage (DeTienne and Jackson, 2001; Staples et al., 2001; Meso and Smith, 2000; Heeseok and Byounggu, 2003). Wulantika (2012) argues that (1) knowledge Management (KM) is the organization's activities in managing knowledge so in the end become an asset, (2) a lot of knowledge of the strategies used by people in a short time so that they can interact with each other, and (3) apply knowledge in a variety of everyday work in order to improve organizational performance. Various academics and business practitioners began to apply to grow and develop knowledge management through research and application in business practices.

Some opinions about the definition of knowledge management according to Groff and Jones (2003), Wigg (1999), Tiwana (2002) and Groff and Jones (2003) suggested that the definition of knowledge management, "taken as knowledge management tools, techniques and strategies to maintain, organize , analyze, improve and share expertise in business management. "Wigg in Liebowitz (1999)," KM is formed in a systematic, explicit, renewal and application of knowledge to maximize the effectiveness of related internal

company based on knowledge assets. "Knowledge management is a skill of dynamic and diverse to promote human resources of an organization to become more competitive. (Sáenz, 2012).

Knowledge management within the organization must adapt to existing processes with the aim that each department understand each other. According Triadji in Sugandi (2010), knowledge management was very helpful for companies to reduce cycle times and increase flexibility as well the ability to adapt.

To facilitate the understanding of knowledge management, understanding of knowledge management needs to be known. Fernandez and Sabherwal in Aldi (2005) defines knowledge as a result of reflection and experience of a person, so that knowledge is always held by individuals or groups. While the knowledge inherent in language, rules and procedures, and concepts. Knowledge has long been important to the organization as they strive to gain and maintain competitive advantage in accordance to (Evans and Rayport in Nezafati et al, 2009). It is a major source of economic growth and the successful of companies (Cole, in Nezafati et al, 2009).

Davenport (1998), knowledge is divided into two types, namely Explicit Knowledge and Tacit Knowledge, which can be explained as follows: (1) explicit knowledge: is something that can be expressed in words and numbers, and can be delivered in the form of scientific, specifications, manuals, and so on. types of knowledge can be transmitted from one person to another formally and systematic, and (2) tacit knowledge, expert knowledge, both individuals and society, as well as their experience. Tacit knowledge is very personal and difficult to be formulated so that makes it very difficult communicated or communicated to others. Personal feelings, intuition, body language, physical experience, and technical instructions included in this type of tacit knowledge. The difference between tacit knowledge and explicit knowledge can be explained in the Table 1.1.

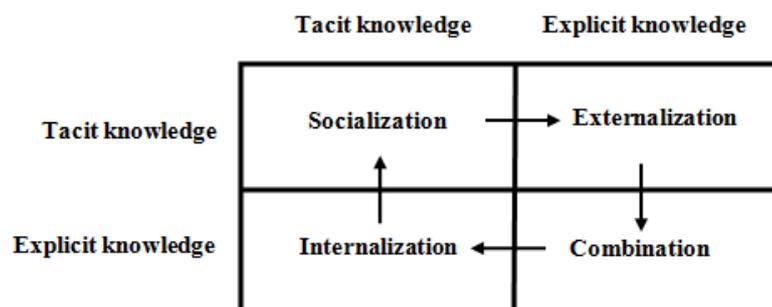
**Table 1.1. Differences Tacit and Explicit Knowledge**

Tacit Knowledge	Explicit Knowledge
Knowledge of Experience (skill)	Knowledge of rationality (mind)
Knowledge of Simultaneous (here and now)	Knowledge of Sequential (there and then)
Knowledge of Analog (practice)	Knowledge of Digital (theory)

Source: Nonaka and Takeuchi (1995)

Nonaka and Takeuchi in Dewi (2013), that the company's success in Japan is strongly influenced by the success of the company implementing knowledge management within it, in the process of transformation by Nonaka and Takeuchi that knowledge of conversion model divided four ways, as follows: (1) tacit knowledge to explicit knowledge, then this process is called externalization, (2) tacit knowledge to tacit knowledge, then this process is called socialization,(3) explicit knowledge to explicit knowledge, then this process is called combination, and (4) the explicit knowledge to tacit knowledge, then this process is called internalization. Through knowledge management, organization to identify of knowledge's and use it to improve performance and produce a variety of innovations.

**Innovation:** In general, innovation is defined as an idea, practice or object that is perceived as something new. Thus, innovation can be seen as an attempt to achieve certain objectives. Rogers (1983) states that innovation is an idea, practice, or the new changes. Widianingsih (2013) innovations designed in the belief that all things are possible, innovators use their imagination to create things that not possible to be possible (phase-developing ideas), for the initial idea sounds good, but required a long process to produce until the final product through the research process. Adair (1996) that innovation is the process of finding or implementing something new into a new situation. Innovation will be realized it is necessary tacit and explicit knowledge management through the integration is done accurately called SECI. According to Nonaka and Takeuchi (1995) can be seen in Figure 1.1



**Figure 1.1. Process of SECI**

Source: Nonaka and Takeuchi (1995)

**Knowledge Creation:** Supriyadi and Budiahardjo in Febransyah and Napitupulu (2010) suggests that organizational knowledge creation called scale of OKC (Organizational Knowledge Creation) the overall ability of the organization to create a new knowledge sharing across the organization and make it happen in the form of a product, system or service.

**Socialization:** explains the tacit knowledge sharing, in general without involving the formal matters, such as organizational culture shared between the old members to the new members of organization, with the purpose those old members to adapt to the new organizational culture. For examples of tacit knowledge to explicit changes, if a company wants to implement the use of new machines in the production process, the company sent representatives to learn. This may be done first is to make observations, and practiced machine during training.

**Externalization / Articulation:** transform tacit knowledge into explicit knowledge usually uses the metaphor can be understood together. For example: inspect, and observe the machine and then converted in the form of writing that is easy to understand, and then be discussed with colleagues.

**Internalization:** transform tacit knowledge into explicit knowledge is the most popular of jargon to explain the internalization of learning by doing. For example with experience can operate the machine by improving understanding of tacit knowledge.

**Combination:** combining knowledge between explicit that belongs to another person with the explicit knowledge that belongs to itself. For example, more people can take advantage of the machine is made with standard operating procedures or the use of manual for more people to learn.

### III. METHOD OF STUDY

**Corporate Entrepreneurship:** based on the literature review that corporate entrepreneurship is a challenging task: to be a very broad concept as monitoring at different levels in the organization, the existence of different requirements, and a different perspective of the results of entrepreneurial process for each organization.

Ireland et al. (2006) and Timmons and Spinelli (2003) argues that corporate entrepreneurship is the process of identifying opportunities and create value added through innovation and without depending on the resources that they have at this time, which is conducted in an established company. Knowledge creation and entrepreneurship corporations will be able to improve the performance and growth of the company if both are integrated to create synergies that give some results.

**Real Business Solutions (RBS):** RBS is one of the curriculums provided in Graduate School of Uviversitas Ciputra of Surabaya, in East Java (Indonesia). The curriculum is designed to produce graduates who are able to perform start-up business and scale up on an ongoing basis in the business, as well as equipping students with an entrepreneurial mindset to support his career. The process of learning is by doing visits to companies and activities designed specifically for semester of for 1 to 3 and each semester there were six times doing company visit.

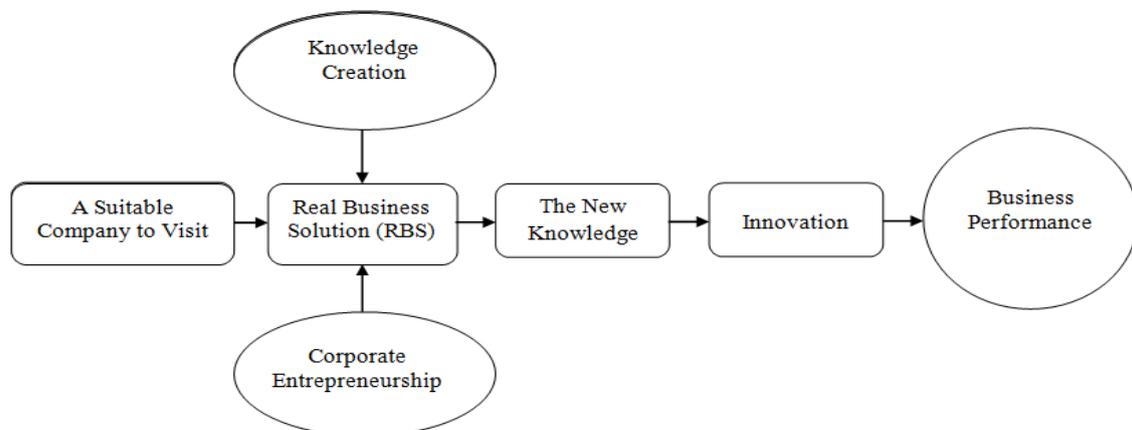


Figure 1.2. Implications of Innovation in Business Performance

Source: Modified (Soo et al., 2002)

Process activity to perform RBS on company visits, where previously the university graduate Ciputra has sent a written request for a visit the company addressed to the top management and also includes an overview of the agenda Visit consist of:

- [1] Presentation of the company's profile and offer issues to be discussed
- [2] Go to the location-related operational activities in the environment company and make observations.
- [3] Students held discussions in groups for a solve the problems
- [4] The presentation of each group, for a provide a solution

The next stage Based on the best solution, it will be created for the concept in detail for a the implementation process in the company, can be see n in Table 1.2.

**Table 1 2. Activities Real Business Solution.**

From Company	For Students
Case studies prepared by the company	Case study: obtained during RBS
company profile presentation	Got a input from the company profile.
Giving students the opportunity to visit the location /department operational	Observations during field visits
Some problems have been prepared and then distributed to the students by group	There were a few cases there may be a student of observations during the field visits
Provides an opportunity for each group in front of Manager / Director for a provide a solution	. Conduct discussions in front of Manager / Director for a provide a solution.
The Company received a report from each group to give an assessment	Students are asked for a make a report that will be submitted to the company

**Business Performance:** Natarayan and Shekhar (2001) suggested that business performance can be achieved through: (1) business process that focuses on the customer, (2) performance measurement is well done, (3) the placement of people in accordance with the competency, (4) makes high quality of product with cheap price, and (5) use of information technology.

Business performance can be used as an indicator to measure the results achieved by the company during a certain period. From a business performance assessment will be known whether the improvement efforts that have been made by the company for a bring a positive impact to the company, while the company has a different way - different in measuring business performance. However, performance measurement can basically be classified into two main parts, the measurement of financial performance and marketing performance measurement (Ferdinand, 2000).

Financial performance can be used two indicators Return on assets (ROA) and Return on Sales (ROS). ROA is the ratio between net incomes divided by total assets. While ROS is the ratio between net income divided by total sales (Farrell, 2000)

**Real Business Solution Task Requirements are:**

- [1] Each student is required to follow RBS.
- [2] Reports from the company visit maximum collected 1 week after the visit of the company.
- [3] Assessment tasks are performed by the company.
- [4] Before a task is sent to the company, then the sorting will be done in advance of the internal academic.
- [5] If report is not feasible returned to their respective groups for a be repaired.
- [6] If within 2 days the report or task is not collected, its meaning the student does not undertake tasks that are not getting value

**Table 1.3. Benefit of Real Business Solution**

For Company	For Academics or Student
Get new input as a step to improvement.	To the university has done a link and match (between academics and industry)
Easy to apply	new knowledge valuable for a students
New ideas and do not require a very long time	To improve competence of student for a do business
If using a consultant, relatively expensive	Adding network in business
As a promotional tool for a company's most effective through the students of mouth	There are opportunities to work together for a do business.

#### IV. CONCLUSION

- [1] Top management needs to formulate carefully for a develop entrepreneurship in order to accelerate the innovation process.
- [2] In order for new knowledge creation process can run smoothly, then management needs to be facilitated through a structured and well-planned program.
- [3] Emphasizing the importance of knowledge management to achieve optimal business performance.
- [4] Entrepreneurship and the corporate knowledge management is a dynamic process,, integrated and requires effort and commitment of the management in the implementation (Zhao, 2005)
- [5] Integration between corporate entrepreneurship and innovation is critical to the success of the company

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