

# THE IMPACT OF KNOWLEDGE SHARING ON EMPLOYEES INNOVATION AND ITS EFFECT ON COST SAVINGS IN THE DESIGN SECTOR

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## Abstract

Knowledge sharing is one of the main knowledge management processes influencing organizational success. Knowledge sharing is essential as it can facilitate decision-making capabilities and stimulate cultural change and innovation. It is therefore evident that managing knowledge properly can bring a company a lot of benefits. In this study, we will investigate how knowledge sharing impacts the innovation of employees and how the employee innovation affect cost savings in the design sector. The main purpose of this study is to develop a model aid to increase Design Company's awareness of the importance of sharing knowledge in increasing designers' innovation and how it will reflect in the organizational cost savings to improve their knowledge sharing systems.

**Keywords:** Job Satisfaction, Knowledge Sharing, Organizational Culture, Organizational Performance, Organizational Cost Savings, Knowledge Management, Work Motivation, Employee Innovation.

## 1. INTRODUCTION

Knowledge management focuses on knowledge as an actual asset, rather than as something intangible (Purnamawati et al., 2022; Hammouri & Altaher, 2020). In doing so, it helps the organization to better protect and leverage what it knows, and to expand and concentrate its efforts to build expertise to meet its needs (Mahdi & Nassar, 2021). In simple words, knowledge management helps businesses learn from past failures and accomplishments (Rezaei et al., 2021), re-deploying established knowledge assets in places where the company stands to benefit more (Kurnia et al., 2021; Bourini et al., 2013), fostering a long-term emphasis on acquiring the right skills and abilities and eliminating redundant knowledge (Anshari & Hamdan, 2022), enhancing the capacity of the company to innovate (Lam et al., 2021), and knowledge management enhances the company's ability to protect its key knowledge and competencies from being lost or copied (Ali et al., 2021; Abualoush et al., 2022). That is why knowledge management is an essential and important thing in corporate policy.

Several empirical studies touched on the topic of knowledge management, specifically knowledge sharing and its impact on companies where studied the effect of job satisfaction on organizational commitment and knowledge-sharing behavior, and the effect of work motivation on organizational commitment and knowledge-sharing behavior (Chaudhary et al., 2021; Sa'adah & Rijanti, 2022). Moreover, several studies focused to understand the impact of organizational culture on knowledge sharing and job satisfaction, and the impact of job satisfaction on knowledge sharing and organizational performance (Azeem et al., 2021; Sapta et al., 2021; Malik et al., 2021). Another studies concentrated to understand the impact of perceived organizational support on psychological capital, perceived organizational support

effect on job satisfaction, perceived organizational support effect on knowledge sharing, psychological capital effect on job satisfaction, psychological capital effect on knowledge sharing, job satisfaction effect on knowledge sharing (Bilgetürk & Baykal, 2021; Ho & Chan, 2022; Alshebami, 2021) . In this study we will discuss the importance of knowledge sharing in the design sector. Specifically, we will study how Knowledge sharing impacts the innovation of designer, and how that will affect company cost savings as an indirect impact by answering the main study questions:

1. How Knowledge sharing impacts the innovation of designer in the design sector?
2. How the innovation of design employee that effected by knowledge sharing does affect company cost savings?

Several companies are facing gut-wrenching costs of lost knowledge: costly production delays lost sales revenue, and devastating accidents. Even NASA cited the lack of knowledge as one of the reasons why it unable to send another human to the moon soon. So, we chose this topic because of its importance; we want to increase Design Company's awareness of the importance of sharing knowledge in increasing designer's innovation and how it's reflected in the organizational cost savings to improve their knowledge sharing systems. The missing piece in the research literature, the area that is under-explored is the design sector. However, there is no research studying the Company Cost Savings variable with the Sharing of Knowledge and Employee Innovation, which is our research gap.

## **2. LITERATURE REVIEW**

### **2.1 Knowledge Sharing**

Knowledge Sharing happens when a person can assist in learning new skills as well as to learn from others (Pereira & Mohiya, 2021). The title 'knowledge sharing' has been given to knowledge sharing, knowledge distribution, knowledge transfer, knowledge exchange, and knowledge transfer (Anand et al., 2021). Several studies in knowledge management context demonstrates that organizational procedural justice, the sharing of employee knowledge and creative work actions of employees are important to organizational sustainability (Ye et al., 2022; Bakotić & Bulog, 2021). By sharing relevant information and providing useful feedback about organization decision-making processes in transparent and fairways, organizations make significant improvements and maintain the level of formal procedural justice within organizations (Pradana et al., 2021). In keeping with the ever-growing knowledge-based economy, the position of knowledge itself becomes more important and depends on the ability of management to stimulate the atmosphere of their company to build and cultivate behavior that shares knowledge (Olan et al., 2021).

### **2.2 Employee Innovation**

Innovation is a strategic priority for many organizations (Saether et al., 2021). The interplay of job features and intrinsic motivation can influence individual innovation (Volery & Tarabashkina, 2021). Innovation requirements of a job refer to the degree to which a job implies

broad expectations regarding taking measures, introducing new concepts and making continuous improvements (Faulks et al., 2021). Employee innovation is a type of success that can be affected by work satisfaction. Sharing knowledge will promote employee innovation (Guo et al., 2022).

### **2.3 Job Satisfaction**

The affective orientation that an employee has towards his/her work is job satisfaction (Selda et al., 2021; Hammouri et al., 2022). It can be seen as a general feeling about the job or as an associated constellation of attitudes about different aspects of the job (Rosario-Hernández et al., 2022; Hammouri & Abu-Shanab, 2017). Modern companies regard their workers' job stress and job satisfaction as two major problems in the workplace (Karsili et al., 2021; Al-Qudah et al., 2019). There is growing evidence that current developments in work conditions will adversely affect job satisfaction and deteriorate workers' physical and mental health (Mohamud, 2021). There are two facets of affective disposition on job satisfaction: positive affectivity and negative affectivity (Luque-Reca et al., 2022). Positive affectivity is high energy, eagerness, and pleasurable engagement, while anxiety, unpleasant involvement and nervousness indicate negative affectivity (Rodrigues et al., 2022).

### **2.4 Organizational Cost Savings**

Cost-saving is simply the money saved because of a plan or policy change that minimizes running costs (Yao et al., 2022; Hanandeh et al., 2021). As far as cost-saving is concerned; both the workers and the employer have a role to play. It is the duty of the employer to ensure that procedures are in place to ensure the implementation of cost-saving steps. On the other hand, employees are solely responsible for ensuring that he or she adheres to the stipulated steps. In order to improve the organizational performance, we suggest that organizations need to improve their practices, including enhanced social exchange processes, increased cost savings, improved productivity and reduced turnover (Chen et al., 2020; Al-maâ et al., 2019). In most situations, outsourcing provides a rapid cost reduction and access to potentially new expertise and knowledge not accessible inside an organization due to its limited expenditure (Lin, 2020), thereby benefiting both cost savings and the innovation result of global sourcing activities (Sandhu et al., 2018). The originality of our contribution is to consider how knowledge sharing importance in increasing designer's innovation and how it's reflected in the organizational cost savings is produced and it is important to gain such insight to increase corporate awareness of how to increase company cost savings by investing knowledge management.

## **3. RELATED STUDIES**

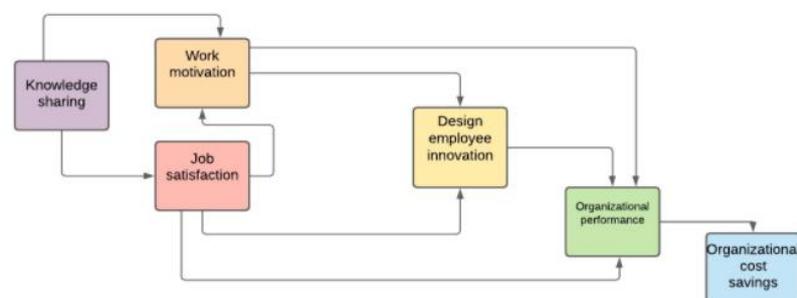
Ahmad and Karim in (2019) studied the correlation between work motivation and job satisfaction with knowledge sharing activity, in 4-star hotels in Bali, and predicted the role of organizational participation as a mediator in the relationship between work motivation and job satisfaction in the behavior of knowledge sharing. To prove the effect of job satisfaction and work motivation on organizational commitment and the effect of job satisfaction and work

motivation on knowledge-sharing behavior with the mediation of organizational commitment. The findings of the study confirmed that there is a significant relationship between job satisfaction and organizational commitment. Work motivation has no important positive correlation to organizational commitment and actions in the knowledge-sharing. For the relationship between job satisfaction and knowledge-sharing behavior, organizational commitment has the full function of mediation. They noticed that organizations need to improve the job satisfaction of workers, as this will influence improving organizational commitment. Increased organizational commitment is important to increase the quality of services given to clients by employees. And improved service quality can also be improved by cultivating knowledge-sharing behavior to prevent the failure of service delivery and reduce operational costs. Kucharska and Bedford in (2019) also studied how job satisfaction affects the relationship between company performance, knowledge sharing, and organizational culture, viewed through the cultural dimensions of the Hofstede lens, controlled by the size of the company and the staff position. Where they distribute a survey and the research sample were Polish employees, mainly knowledge workers. The results indicate that job satisfaction is a strong mediator of the dimensions of company culture and the sharing of knowledge by highly skilled employees. Job satisfaction is entirely mediated by the impact of masculinity, long-term perspective, and collectivism on information sharing. The findings also confirmed the relationship between job satisfaction and company performance is complementarily mediated by sharing information, for optimal company performance. This research added the importance of a company culture of job satisfaction and enhancing knowledge sharing. A survey study of how creative self-efficacy acts as a mediator in the relationship between knowledge sharing and employee innovation and examined the effects of job satisfaction on this relationship (Hu & Zhao, 2016). The Results showed that knowledge sharing, and creative self-efficacy were positively related to employee innovation and that creative self-efficacy mediated the effects of both knowledge sharing and innovation. In addition, job satisfaction enhanced the relationship between creative self-efficacy and employee innovation.

A survey study studied banks, insurance, and telecom companies from the services sector of Pakistan (Malik & Kanwal, 2018). The purpose of this study was to study the empirical investigation into the effect of organizational knowledge sharing practices (KSP) on employee's job satisfaction, interpersonal adaptability, and learning commitment. The findings demonstrated that the need for KSP for workforce learning, interpersonal adaptability, and job satisfaction. The implementation of this study demonstrates an important positive relationship between KSP, job satisfaction, and interpersonal adaptability of employees in the service sector. Malik & Kanwal in (2018) provided empirical evidence about the impacts of knowledge sharing practices on employee's outcomes. While Ma et al., in (2008) deepen into the category of knowledge sharing and studied explicit knowledge sharing and tacit knowledge sharing among project members in the Chinese construction industry, and they confirmed that. Where the research results showed that job satisfaction and positive affect of project members both have a significant positive impact on knowledge sharing. (Mustika et al., 2020) utilized a quantitative approach to determine the effect of perceived organizational support and psychological capital on job satisfaction and knowledge sharing. Based on the principle of

social exchange, the actions and enjoyment of employee knowledge sharing are the results of organizational role-fulfillment. The findings of the study confirmed that perceived organizational support is a significant predictor of non-medical staff's psychological capital and job satisfaction. In addition, perceived support from organizations is an insignificant indicator of knowledge sharing. Moreover, the study also found that the psychological capital is a major predictor of both work satisfaction and knowledge sharing, and the relationship between perceived organizational support and knowledge sharing is effectively mediated.

(Islamy et al., 2020) conducted an empirical study to examine the influence of organizational culture on job satisfaction through knowledge sharing. The findings of his study indicated that organizational culture had a significant positive impact on knowledge sharing. In addition, knowledge sharing had a significant positive impact on job satisfaction. Moreover, the findings also showed that organizational culture had a direct or indirect positive and significant impact on satisfaction. This study contributed to the development of organizational behavior studies and management of human resources, particularly about organizational culture, sharing of sharing and job satisfaction of lecturers. Finally, in this study we will highlight factors that have not been studied before, as there are no studies examining the effect of the variables of knowledge sharing, job satisfaction, work motivation, employee innovation, and organizational performance on organizational cost savings. Research work on such issues was lacking in the Jordanian context. Moreover, this research is expected to investigate the impact of these components on employee innovation and organizational cost savings as new components in the study of knowledge sharing on employee's innovation in design sector. The following figure shows the components of the proposed research model that may utilized it in future to examine the relationship between its components.



**Figure 1: Proposed Research Model**

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