Review on Knowledge Management and Employee Engagement

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Abstract—Knowledge that resides in employees has been repeatedly convinced as a paramount resource for organizational competitive advantage. To this regards, the organization shall not just retain employees but also fully engage them, capture their minds and hearts which is scholarly called employee engagement. However, few researches have been explored to bridge managing knowledge and engaging employees. This paper reviewed literatures on employee engagement, knowledge management, and the impacts of knowledge management on employee engagement. It is expected to propose a conception that knowledge management practices could facilitate employee engagement. Hopefully, the proposed idea could enhance the organization’s awareness of knowledge management as a key approach to achieve competitive advantage.

Keywords—Knowledge Management, Employee Engagement, Malaysian Organizations.

1. INTRODUCTION

An overview of the literature indicates that in such an era where organizational competitiveness is depending more on the aspect of intellectual capital than the aspect of labor. Therefore, theories recommend that “if organizations want to retain intellectual capital, employee engagement has become greatest importance”. [1] introduced employee engagement as a positive attitudes and values held by the employees towards their performance and their colleagues, as well as their organization. Previous studies show that with high employee engagement, the company has more innovations, higher productivity, and better profitability [5]. Furthermore, [22] emphasized employee engagement is the most determining factor to measure the vigor of the company. Thus, promoting engagement among workers becomes top priority. Meanwhile, knowledge management has become urgent in organizations, as knowledge was point out is powerful weapon to achieve competitive advantage. [2] stated that knowledge management is to manage the organization’s knowledge through a systematically specified process for acquiring, developing, applying, organizing, sharing and creating both the tacit and explicit knowledge of employees to enhance organizational performance and create values. Thus, organizations that want to achieve and maintain competitiveness have to concentrate to managing their knowledge. Knowledge is considered to be expertise, habit, skills, understanding about something that comes from experience, training or learning process, or someone’s expertise acquired through effort and ability [10]. There are two types of knowledge, which are explicit and tacit knowledge. Moreover, while explicit knowledge is transmitted through written or oral forms, tacit knowledge is acquired through sharing experience and it resides in the employees’ mind. [11] and [12] advised respectively that employees have tacit and explicit knowledge. Unfortunately, employee’s acquired innate knowledge is lost from the organization when an employee leaves [14]. Consequently, the organization is possibly losing its competitive advantage. Only if the organization is able to make employees feel happy towards their job, and to retain employees, engage employees, capture employees’ hearts and minds at work.
2. OVERVIEW OF EMPLOYEE ENGAGEMENT

A. Employee Engagement

Employee engagement was a popular concept and was extensively discussed in different fields from 1990s until now. In today’s complex economy, employee engagement especially becomes crucial for every organization. Because of they strive to attain competitive advantage over the others through use of intellectual capital. According to [23] ’s engagement study at more than 125 organizations, increasing employee engagement positive influence to key business metrics – organizations that invest in engaging employees can stand to grow their earning 2.6 times faster than those who do not [24]. So the top prior is to promote the engagement within the disengagement atmosphere among workers today. However, there are various definitions of engagement were given by previous scholars. [66] identified that “there are numerous definitions of employee engagement, but they all are agree that employee engagement is desired by organizations, has an organizational purpose. For example, [15] presented employee engagement as “the harnessing of organizational members’ selves to their work roles; in engagement, employees express themselves physically, cognitively and emotionally during role performances”. Moreover, [17] defined employee engagement as “the level of commitment and involvement an employee has towards their organization and its values”. It describes that an engaged employee is intellectually and emotionally bound with the organization, enthusiasm with its goals. Researchers from Gallup [18] introduced employee engagement as “the ability to capture the employees’ souls, hearts and minds to breathe into an internal desire and passion for excellence”, accordingly adding a mental element to Gallup’s established cognitive and emotional dimensions of engagement. Another popular description is pointed out by [16] who expressed engagement as “employee engagement was driven by the right people in the right roles with the right managers”. [19] observed engagement is about providing chances for employee to communicate with other co-workers, managers, and is something related to creating an environment in which employees are motivated to link to their work and really care about doing a good job. Another prominent definition of engagement emerged from [20], they comment that engagement as the simultaneous presence of three behaviors in employees, which are job performance, citizenship behavior and involvement. [21] pointed out that engagement as “how employees positively think and feel toward the organization, and are proactive in relation to achieving organizational goals”.

However, employee engagement has been criticized that there is no a consistent definition, for example, it has been argued that there is a overlap and redundancy between engagement and other constructs such as job satisfaction [67]. If there is not a consensus on a definition, advances in understanding employee engagement will be difficult, and more working will be needed on establishing the validity, differential antecedents and differential outcomes with engagement. Job satisfaction refers to how employees feeling about their job and working conditions, such as compensation, work environment, career development opportunities and organizational policies, as well as internal communication. And the admitted consequences of job satisfaction are for example higher employee morale and hence job performance, lower absenteeism and turnover intentions, higher employee loyalty, and higher productivities level [74]. On the other hand, employee engagement refers to employees are physically, cognitively and emotionally committed to their organization; they put efforts into their work, and these efforts are directed toward organization outcomes. Furthermore, previous research revealed that job satisfaction is highly and positively related to employee engagement, and job satisfaction is essential to employee engagement [74]. Therefore, in this study, job satisfaction can be exchangeable with employee engagement.

B. Dimensions of Employee Engagement

Based on the definitions above, it demonstrates that employee engagement is a multi-dimensional construct. Due to the many dimensions that make up the level of employee engagement an employee feels towards their work, it is possible that an employee could be engaged in one dimension and not the other [15]. When engaged employees become physically involved in their role performance, cognitively followed, and then connected to others with enthusiasm in ways that show their individuality. A framework for how to enhance employee engagement should be developed based on the different dimensions of employee engagement. [15] suggested that three psychological conditions should be considered as antecedents of employee engagement, which are psychological meaningfulness, psychological safety and psychological availability. Psychological meaningful refers to one’s belief regarding how meaningful it is to bring oneself to a role performance. It is achieved when employees feel worthwhile and valuable. Psychological safety involves one’s perception of how safe it is to bring oneself to a role performance without fear of damage to self-image, status or career. Psychological availability refers to one’s perception of how available one is to bring oneself into a role. Based on [15]’s psychological states, [69] developed a scale to assess the expression of oneself physically, cognitively and emotionally in one’s work role. Furthermore, [70] noted that engagement have three dimensions, which are vigor, dedication and absorption. [71] declared that engagement is made up of three dimensions, which are affective and behavioral as well as cognitive dimension. Moreover, emotional dimension refers to those who are emotionally connected to others; behavioral dimension refers to physical expression of engagement; and cognitive dimension refers to those who are rationally aware of their role and mission within an organization.
According to [72], job characteristic, organizational support, rewards and recognition, procedural justice and distribution justice were the determinants of employee engagement. Moreover, organizations must have a focus on four different drivers to engage their employees [9]. Firstly, learning and sharing environment; this can be achieved through establishing a work environment, in which encourages keeping learning, promotes knowledge sharing and supports work life. [75] specified that supportive working environment displays concern for employees’ needs and feelings, and is considered to be a key determinant of employee engagement. According to [28] and [29]'s studies on engagement, learning opportunities and social supports positively influenced employee engagement. Secondly, motivation on engagement; this can be done through compensation. Attractive compensation comprises a combination of pay, bonuses, other financial rewards as well as non-financial rewards like extra holiday. [72] revealed that recognition and rewards make employees feel obliged to respond with higher level of engagement [9]. Thirdly, communication; [60]'s report points out having the opportunity to feed their views and opinions upwards as the most important driver of employee’s engagement. The report also identifies the importance of keeping flowing of information within the organization. Communication plays roles on spanning provision of information and creating of sense of community within organization, and it has recognized as an underlying influence of employee engagement by industry research. Fourthly, alignment between organizational and individual goals; the strategic objectives of the organization should be known by employees, and what purpose should be reached through these objectives. This knowledge allows the employees find the alignment between the organizational and individual goals. Further, the alignment allows goals internalization, which helps the organization to gain the expected behaviors from the employees, so that behaviors converted into achieving organizational goals [9]. [9] refer to this as strategic engagement, since it allows the organization to target the expected behaviors based on strategic purpose; such as, a culture of good service behaviors are motivated must be cultivated when an organization whose priorities are focused on service delivery.

3. OVERVIEW OF KNOWLEDGE MANAGEMENT

A. Knowledge

[73] defined knowledge as a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences. In addition, [74] stated that knowledge is what employees know about their customers, products, process, mistakes and success in organization. Previous study suggests the existence of two types of knowledge which is explicit and tacit knowledge [38]; [39]; [40]; [41]; [42]; [43]. Explicit knowledge is codified knowledge in the forms of manual, rules, and routines, procedures which can be easily accessed and can be extracted from knowledge holder and shared with other individuals. Conversely, tacit knowledge is the knowledge hidden in individual’s mind in the forms of experience and expertise [44] which is hard to articulate or communicate, and which is usually obtained through interaction with others [45] or environments such as communities of practice [46]. And knowledge is produced through a knowledge conversion process, and it involves four modes. They are socialization, externalization, combination and internalization [59]. Fig.1 presents the knowledge conversion model. In SECI model, socialization is the process of converting new knowledge through shared experiences. It occurs when one individual shares tacit knowledge with another in face to face communication [59]. Externalization is a process of converting tacit knowledge into explicit knowledge through collaboration with others and transmitted via conceptualization, elicitation and articulation [59]. Combination is a process of systemizing a type of explicit knowledge into another type of explicit knowledge. Internalization refers to a process of embodying explicit knowledge into tacit, and this process is considered as learning by doing. And these four modes must be managed to form a continual cycle.

![Figure 1: The Process of SECI Model [59]](Source: Nonaka & Takeuchi, (1995))
Knowledge management has regarded as urgent within organizations. Because knowledge is critical strategic tool required to achieve competitive advantage in the information age. The function of knowledge management is to support the achieving of organizational goals. For example, knowledge management can help organization to prevent knowledge loss through retention strategies and appropriate knowledge management process. According to [47], if the main motivation of knowledge management is to reduce risk from knowledge loss, the response typically involves identifying and holding on to the core competencies that the corporate has. Therefore, risk reduction is closely related to knowledge initiatives intended to identifying and acquiring valuable organizational knowledge. Since employees are identified as key holders of precious knowledge within organizations, capturing and acquiring the knowledge of individuals and groups of employees is extremely important for lasting business continuity. [32] defined knowledge management as “the systematic, explicit, and deliberate construction, update and utilization of knowledge assets”. Another definition about knowledge management from [33] who clarified that knowledge management is “the coordination and development of organizational knowledge resources, in order to create values and competitive advantage”. A broader definition about knowledge management is presented by [2], who stated that knowledge management is to manage the organization’s knowledge through a systematically and organizationally specified process for acquiring, organization, sustaining, applying, sharing and renewing both the tacit and explicit knowledge of employees to enhance organizational performance and create values. [34] defined knowledge management is to deliberately and systematically coordinate an organization’s components to increase values through creation and innovation. This coordination can be implemented through sharing, creation and utilizing knowledge as well as through adding the valuable lessons learned and best practices into firms’ memory to cultivate continuous organization learning. [35] preferred to call knowledge management as knowledge-based management, connecting people to people and people to information to add competitive advantage. Furthermore, [36] explained that knowledge management as control the knowledge and knowledge workers. Based on the previous literatures, [37] noted that knowledge management refers to a process of collecting and identifying valuable information (i.e. knowledge acquisition), enabling employees to recover organizational knowledge (i.e. organizing knowledge), exploiting and beneficially utilizing knowledge (i.e. knowledge leverage), propagating it throughout the organization (i.e. knowledge sharing) and storing the knowledge in a repository (i.e. organization memory).

4. KNOWLEDGE MANAGEMENT AND EMPLOYEE ENGAGEMENT

Employees are the most valuable assets within the organizations, and they play an important and complex role in knowledge management. The employees’ behavior is regularly impacted by their beliefs, distinct attitudes and values, as well as the organizational culture of the workplace. Influencing what employees believe would cause changes in values, attitudes and finally the way in which knowledge is shared – behavior. Enabling to get employees to do things differently is not easy because employees can easily fall back on defensive routines [53]. Currently, one study result [54] point out that unlearning is frequently as difficult as learning, if not more. To get employees to change the way they do things will also require a level of willingness from the individual. Employees need to feel valued, that they are part of a community and that their involvement is challenging and rewarding [55]. The way employees perform processes will influence to the difference an individual can make to their organization. Essentially, they can influence the way information and knowledge is shared throughout the organization. In United States, organizations adopt knowledge management to achieve success over competitors. Fig. 2 illustrates knowledge management’s impact on employees.

Figure 2: Knowledge Management Impacts on Employee Job Satisfaction
Source: The Intelligent Management [56]

Knowledge management could facilitate employee learning. It causes employees to become more flexible and enhance their job satisfaction [48], and it helps to retain knowledge of employees. Employees’ learning is enhanced by knowledge conversion
processes, which are accomplished through externalization, internalization and socialization and communities of practice. This is because employees are likely to adapt when they interact with each other, and they are more likely to accept change when they interact with each other. A recent study found that in organizations having more employees sharing knowledge and learning with one another, employee job satisfaction increase [56]. Acknowledged consequences of job satisfaction are, for example, engaged employees, lower absenteeism and turnover intentions job performance and higher productivity level [75]. These consequences present engagement that organization member express themselves physically, cognitively, and emotionally during role performance [15]. Knowledge management also provides employees with solutions to the problems they face, in case those same problems have been encountered earlier and effectively addressed, this provides a supportive work environment within the organization [56]. A support work environment with employees’ needs, such as information or knowledge which they need for job aid employees for focused work, is considered to be the key determinant of employee engagement [75]. Thus, knowledge management provides a supportive work environment to determine the level of engagement of employees.

5. RESEARCH GAPS AND THEORETICAL FRAMEWORK

Today, knowledge of employees has been repeatedly convinced as paramount resources for various organizations to attain competitive advantage. Thus, employee engagement has surged as a critical driver of business success. It is defined as “the extent to which employees are committed intellectually and emotionally to something or someone in their organization, how hard they work and how long they stay as a result of that commitment [15].” Gallup’s study and Towers Perrin Talent Report identified that the higher the level of employee engagement, the greater the ability for the organization to improve performance will be. Conversely, the organization will face the risk of losing its valuable assets and core competencies. Therefore, identifying the factors which could enhance employee engagement has become top priority. Moreover, knowledge management practices were implied as it could facilitate the level of engagement. But the studies on employee engagement from the perspective of knowledge management are rare in Malaysian organizations. Thus, there emerges an imperative gap which knowledge management practices determine employee engagement.

The purpose of this study is to propose a theoretical framework that knowledge management influence employee engagement. Fig. 3 indicates theoretical model of this study. Knowledge conversion processes involves four modes contribute to level of engagement of employee. Explicit knowledge and tacit knowledge of employees are converted, managed through socialization, externalization, combination and internalization, to impact employees’ learning. This causes employees to become more flexible and enhance their job satisfaction, and positively affect employee engagement.

![Figure 3. Theoretical Model of Study](image)

6. CONCLUSION AND RECOMMENDATIONS

In today’s complex economy, employee engagement and knowledge management have been discussed as critical strategic tools to achieve competitive advantages through use of intellectual capital. Because of knowledge and knowledge workers are convinced as powerful assets for organizations in this information age. In this study, it is identified that knowledge management could facilitate the level of engagement of employee. To make sure that future research obtained significance, it is recommended that the scope of the framework could be further enriched by adding in knowledge management practice factors and employee engagement dimensions, and empirical study could be carried out to verify the proposed framework.

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