Chapter XVI

Mode of Socialisation:
Comparing Effects of Informal and Formal Socialisation on Organisational Performance

Abstract

The objective of this chapter is to compare, through an industry survey, the impact of informal and formal modes of socialisation on organisational competitive performance. The results of the study show a strong and significant positive relationship between informal as well as formal modes of socialisation and creative performance. The results also indicate that informal socialisation had a stronger positive effect on creativity than formal socialisation. These findings confirm the value of socialisation in innovative organisations, and suggest the need for strategies that would provide its encouragement without coercion.
Introduction

Knowledge is considered to be a key factor for achieving the sustained organisational competitive advantage in the new economy. Yet, while the importance of knowledge for organisational success (or survival) is widely acknowledged, there is far less clear understanding about how to manage it towards accomplishing this end. Many past knowledge management projects that focused solely on technology, failed to deliver on its promises. Therefore, organisations are looking for answers about how can we deliver organisational performance and innovation through knowledge management apart from technological solutions. This study addresses the issue by empirically investigating the potential impact of socialisation among employees on organisational creativity.

Socialisation forms a vital component of Nonaka’s (1998) knowledge creation model. It is also found in some other process-orientated knowledge management frameworks under different names (e.g., social learning, knowledge sharing, etc.). Socialisation is assumed to enable tacit knowledge to be transferred between individuals through shared experience, space, and time. Examples include spending time, working together, or informal social meetings. More importantly, socialisation drives the creation and growth of personal tacit knowledge base. By seeing other people’s perspective and ideas, a new interpretation of what one knows is created.

In theory, socialisation is considered an important value-creating process. However, in practice, it has been overshadowed by knowledge capture and storage, driven largely by advances in information technology. While these processes are certainly important components of the overall knowledge management effort, companies must go beyond acquiring, accumulating, and utilising existing knowledge, and focus on enabling new knowledge creation for innovation. The unifying thread among various theoretical views is the perception that creativity and innovation are the key drivers of the organisational long-term economic success. By moving deliberately towards enabling creativity and by turning individual creativity into innovativeness for everyone, firms may ensure their long-term advancement and business success.

There is a particularly great importance in continuous innovation and knowledge creation in the hypercompetitive industries. (Ilinitch, D’Aveni, & Lewin, 1996). In this time of change, best practices may become worst practices in little time, and today’s wisdom may become tomorrow’s folly. Only with effective and relentless creation of knowledge can these companies compete at the forefront. A means by which creativity could be fostered and new knowledge encouraged needs to be defined. Therefore, this paper aims to look at whether and how socialisation may drive and induce creative knowledge in a typical knowledge intensive organisation such as IT.
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