

THE INTERPLAY OF KNOWLEDGE ORIENTED LEADERSHIP, KNOWLEDGE MANAGEMENT, INTELLECTUAL CAPITAL AND ORGANIZATIONAL PERFORMANCE IN HIGHER EDUCATIONAL INSTITUTIONS: THE MEDIATING ROLE OF ORGANIZATIONAL INNOVATION

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Abstract

The principal objective of this study is to examine the interplay between knowledge-based leadership, knowledge management, intellectual capital and organizational performance, and to introduce organizational innovation as an intermediate variable. Based on an extensive review of the literature on this topic, combined with knowledge-based theory, social learning theory, the contingency theory of leadership and the resource-based view theory, this study presents a conceptual framework that elucidates the interrelationships between the aforementioned factors. It also explains how these variables interact and affect the organizational performance of higher education institutions, and measures and validates them in terms of effectiveness. It is hoped that the results of this study will contribute to the development of knowledge-based leadership in higher education institutions, facilitate the enhancement of organizational performance through effective knowledge management and intellectual capital accumulation, and ultimately promote the enhancement of innovation capability.

Keywords: higher educational institutions, organizational innovation, organizational performance

Introduction

Higher educational institutions have long been considered as knowledge-intensive organizations or knowledge-creation institutions (Fullwood & Rowley, 2017; Ramachandran et al., 2013; Rowley, 2000). These institutions are mainly involved in knowledge-based business processes such as knowledge creation, development and dissemination through research, teaching and learning and knowledge transfer (Mahdi et al., 2019; Paoloni et al., 2019). And based on these processes they contribute to economic growth and societal development of a country through generation of new ideas (Ahmed et al., 2017; Fullwood & Rowley, 2017; Ramjeavon & Rowley, 2017).

Higher educational institutions have historically stood as bastions of intellectual pursuit, esteemed for their unwavering dedication to the cultivation and dissemination of knowledge (Sahibzada et al., 2023a). At their core, these institutions thrive on a knowledge-centric economy, weaving intricate tapestries of creation, dissemination, and acquisition through the intricate dance of education, research, and knowledge exchange (Khan et al., 2023; Sahibzada et al., 2022a, 2023a). This vibrant ecosystem fosters the birth of groundbreaking ideas and

fosters knowledge-based leadership, which serves as the catalyst for economic prosperity and societal advancement (Sahibzada et al., 2022a, 2023a).

In the context of a knowledge-based economy, higher educational institutions are confronted with increasingly complex and dynamic environments. This has led to a growing interest in the relationship between knowledge-oriented leadership, knowledge management, intellectual capital, and organizational performance in higher educational institutions. The current research agenda is focused on three key areas: effective management and utilization of knowledge resources, enhancement of intellectual capital accumulation and transformation, and improvement of organizational performance.

This study will employ an empirical research method to substantiate the veracity of the aforementioned theoretical model through the collection and analysis of pertinent data. This study will contribute to a comprehensive understanding of the interrelationships among knowledge-oriented leadership, knowledge management, intellectual capital, and organizational performance in higher educational institutions. The findings of this study will prove invaluable to policymakers, educational administrators, and scholars seeking to advance the growth of higher education and enhance its contribution to national economic development and international competitiveness.

Research Objective

The objective of this paper is to examine the interrelationship between knowledge-based leadership, knowledge management, intellectual capital and organizational performance of higher educational institutions, with organizational innovation as the mediating variable.

Scope of the Research

Aiming to examine the interplay of knowledge-oriented leadership, knowledge management, intellectual capital and organizational innovation on organizational performance of higher educational institutions in Hainan province, the scope of this study covers 11 colleges and universities in Hainan province, including 7 in Haikou city, 2 in Sanya city, 1 in Qionghai city, and 1 in Wenchang city.

The random sampling method was employed to ensure a representative sample of faculty including teachers and administrators in the Hainan Province of China, encompassing the sample size of 450 members from 11 colleges and universities. This approach guarantees an equal opportunity for every element within the population to be selected for the sample, thereby facilitating the calculation of margin of error and level of confidence. The selection of a representative sample is essential for ensuring the validity and reliability of research results, as it allows for a diverse representation of the population under study.

In this study, semi-structured interview was adopted, so the number of interviewees was set to 20, and the selection was made in accordance with the principle of purpose and convenience sampling. The planned number of interviewees is 20, 12 of whom are employees engaged in school management for a long time, mainly the staff of the university's academic affairs office and personnel department. 8 teachers are engaged in teaching and management. They are familiar with organizational innovation management. Teachers will be selected from management schools or other majors in each university.

Scope of the Variables

In this research, the author introduces organizational performance as the dependent variable of higher educational institutions, and introduces knowledge-oriented leadership, knowledge management, intellectual capital as the three independent variables, and organizational innovation as the mediating variable.

Literature Review

Researching without any theoretical arguments is highly flawed. Therefore, in this subsection, the theories used in constructing the research model are presented. In this research, knowledge-based theory, social learning theory and contingency theory of leadership were used for theoretical support.

Theoretical Basis

Knowledge-based Theory

The knowledge-based theory of the firm, or knowledge-based view (KBV), considers knowledge as an essentially important, scarce, and valuable resource in a firm (Grant, R.M., 1996; Spender, J.C., 1996). According to the knowledge-based theory of the firm, the possession of knowledge-based resources, known as intellectual capital, is essential in dynamic business environments (Kengatharan & Navaneethakrishnan, 2019). These resources contribute to lower costs, foster innovation and creativity, improve efficiencies, and deliver customer benefits (Kengatharan & Navaneethakrishnan, 2019). Collectively, they are considered key drivers of overall organizational performance (Kengatharan & Navaneethakrishnan, 2019). The proponents of the theory argue, that because knowledge-based resources are usually complex and difficult to imitate, different sources of knowledge and intellectual capital can be seen as the main sources for a sustainable competitive advantage (Grant, R.M., 1996; Spender, J.C., 1996; Nonaka, et al., 2000; Ferreira, et al., 2020). This knowledge is embedded and carried through multiple entities including organizational culture and identity, policies, routines, documents, systems, and employees. Originating from the strategic management literature, this perspective builds upon and extends the resource-based view of the firm (RBV) initially promoted by Penrose (1959) and later expanded by others (Wernerfelt 1984, Barney 1991, Conner 1991).

The knowledge-based theory (Grant, 1996) suggests that organizations can show better performance than their competitors, and thus, gain competitive advantage if they ensure the successful management of knowledge, which is acknowledged as the most basic strategic resource of the organizations. Leadership is among the factors that play a crucial role in the management of knowledge resources and the success of knowledge processes in an organization (Naqshbandi & Jasimuddin, 2018).

Social Learning Theory

Social learning theory is a theory of social behavior that proposes that new behaviors can be acquired by observing and imitating others. It states that learning is a cognitive process that takes place in a social context and can occur purely through observation or direct instruction, even in the absence of motor reproduction or direct reinforcement (Bandura, A. 1963). In addition to the observation of behavior, learning also occurs through the observation of rewards and punishments, a process known as vicarious reinforcement. When a particular behavior is rewarded regularly, it will most likely persist; conversely, if a particular behavior is constantly punished, it will most likely desist (Renzetti, C. et al., 2012). The theory expands on traditional behavioral theories, in which behavior is governed solely by reinforcements, by placing emphasis on the important roles of various internal processes in the learning individual (Bandura, A. 1971). Albert Bandura (Bandura, A. 1971) is known for studying this theory.

The social learning theory (Bandura, A. 1977) emphasizes that a leader as a role model shapes the behavioral patterns of organization members. In this regard, knowledge-oriented leaders guide the organization and its members by way of engaging in appropriate behaviors

for the creation, sharing and application of new knowledge and consequently support the enhancement of KMC (Shamim et al., 2019; Xia et al., 2019).

Contingency Theory of Leadership

A contingency theory is an organizational theory that claims that there is no best way to organize a corporation, to lead a company, or to make decisions. Instead, the optimal course of action is contingent (dependent) upon the internal and external situation. Contingent leaders are flexible in choosing and adapting to succinct strategies to suit change in situation at a particular period in time in the running of the organization. In 1957, Robert Tannenbaum and Warren H. Schmidt developed a leadership continuum with relationship orientation characterized by high employee freedom on one extreme and task oriented behavior characterized by high use of leader authority at the other extreme. According to this model, as a leader became more relationship oriented, he became less task oriented (Tannenbaum, R. & Schmidt, W. H., 1957). In 1964 Fred Fiedler published the Fiedler Contingency Model of leadership that recognized that the style of leadership that was most effective depended upon the context in which the style was applied. Leadership behavior was modeled as a continuum between Fiedler defined styles as either task motivated or relationship motivated and developed a scale to classify leaders into one of these styles. He considered the state of the relationships in the workplace, the degree of structure in the task, and strength of the positional power of the leadership position in recommending a style of leader for a position (Fiedler, F. A. 1964). This model Fiedler saw leadership style as an inherent characteristic of a particular leader and a single style consistently applied in a particular leadership position.

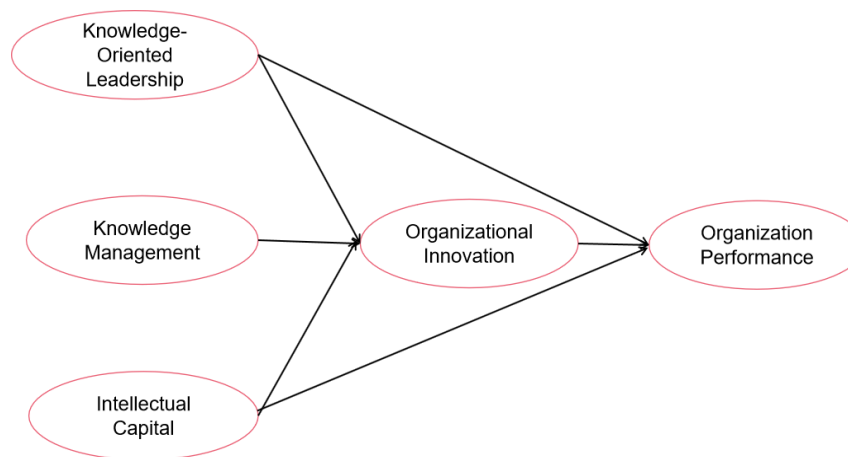
The contingency theory of leadership (Fiedler, F. A. 1964) purports that behavior patterns of a leader must be adjustable to the current conditions. Knowledge-oriented leadership is recognized as a type of leadership that fits to the requirements of knowledge-intensive industries (Zhang & Guo, 2019). Therefore, the knowledge-oriented version of leadership can reinforce the KMC of organizations.

Resource-based View

According to the resource-based view (Meso & Smith, 2000), the organization's knowledge resources are among the valuable and hard-to-imitate resources to be used with the aim of improving innovation performance. In this regard, organizations with strong KMC may reach higher level of organizational performance through producing new products at greater numbers (Curado et al., 2018).

Conceptual Framework

Within the framework of the theoretical basis above, this study proposes a theoretical model to shed light on the relationships among knowledge-oriented leadership, KMC, intellectual capital, organizational innovation and organizational performance.



Summary of the Literature Review

In delving into the interactions of knowledge-oriented leadership, knowledge management, intellectual capital, and organizational performance in higher education institutions, we have gained a comprehensive framework of understanding that can help us to further understand and enhance the performance levels of higher education institutions.

Knowledge-led leadership is a powerful driving force that has a profound impact on organizational learning and development by setting clear strategic goals, promoting open communication, and shaping a cultural environment that supports learning and innovation. Knowledge management, on the other hand, plays a central role in this process, encompassing the process of collecting, organizing, sharing and applying knowledge, with the aim of ensuring its effective flow and maximizing its use. Intellectual capital, on the other hand, is the core asset of an organization and is derived from the knowledge, skills and innovation capabilities of its members, providing a key driver for long-term organizational growth. The mediating role of organizational innovation cannot be ignored in this process. Organizational innovation not only helps organizations to create new value from existing resources, but also promotes continuous progress by introducing new ways of thinking and technologies. In the face of a changing external environment, organizational innovation can provide flexibility and adaptability to help organizations seize new opportunities for development.

Overall, the interaction of knowledge-oriented leadership, knowledge management, intellectual capital and organizational performance in higher education institutions is a complex and critical process. The mediating and outcome role of organizational innovation is crucial in this process. Therefore, higher education institutions should pay attention to the cultivation of knowledge-oriented leadership, and strengthen knowledge management, effectively accumulate intellectual capital, promote effective organizational performance through organizational innovation, and contribute to organizational innovativeness and sustainable development.

Research Methodology

A research paradigm including quantitative research and qualitative research methods is employed to examine the interplay of knowledge-oriented leadership, knowledge management, intellectual capital, organizational innovation and organizational performance among the higher educational institutions in Hainan Province of China. With the mixed research methods, more comprehensive evidence will be presented to the research questions (Cresell & Clark. 2017).

The quantitative research methods are adopted to collect and analyze the data for the questionnaire survey on knowledge-oriented leadership, knowledge management, intellectual

capital, organizational innovation and organizational performance. This paper will use the Likert scale to collect data, publish questionnaires mainly through network platforms, and collect information about target groups.

Qualitative research methods will be adopted to collect the data and analysis through in-depth interviews with the purpose to verify the concept model of knowledge-oriented leadership, knowledge management, intellectual capital, organizational innovation and organizational performance among the higher educational institutions in Hainan Province of China.

The questionnaires employed in this study are well-established scales that have been validated by previous researchers, demonstrating satisfactory levels of reliability and validity.

Furthermore, a thorough literature study will be carried out before the implementation of the research, so that an understanding and knowledge from previous research related to this study will be gained to guarantee the feasibility of the study. Then a concept framework was constructed to demonstrate the dimensions or influencing factors of the variables on which this research design is based and their relationship between each other.

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