

HOW ORGANIZATIONAL LEARNING AND KNOWLEDGE MANAGEMENT AFFECT INNOVATION CAPACITY OF SMEs IN CHINA?

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Abstract:

The evolution of globalization provides opportunities for companies in China, and China has been the “world factory” in the past decades. Facing with multiple challenges in the nowadays globalized market, firms in China are no longer to merely stick to the low labor cost as the main strategy, but should find the way out to enhance their competitive capability.

The incorporation of available knowledge is essential to the organization innovation, which is believed to be the core component for an organization to grow and advance. Iménez-Jiménez et al (2011) indicates that organizational learning influences organizations’ performance through boosting innovation. Therefore, it is well agreed that the both learning and knowledge are greatly correlated with innovation capacity, which will result in performance enhancement.

This project studies the current situation of organizational learning, knowledge management and their influence on organization’s innovation capability among small and medium sized electronic manufacturing companies in China. Survey study was conducted among 116 electronic manufacturing companies of large size and small & medium size.

Results from the survey study shows that the extent of organizational learning and knowledge management of small and medium sized company is lower in comparison of large company. Large company has higher innovation capability in comparison with small and medium sized company in the electronic manufacturing industry. Results are not too surprising, but the findings from the study provides a good reference for practitioners to further consider the adoption of developmental approaches on the innovation capacities.

Keywords: organizational learning, knowledge management, innovation capacity, small and medium firms, China