



Structured knowledge processes and firm performance: The role of organizational agility[☆]



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ABSTRACT

Organizational agility facilitates the search and retrieval of relevant knowledge and enables businesses to apply this knowledge to develop high-quality services and products or react to the emergence of new competitors. This work develops a research model that explores the relationships among knowledge management structures, organizational agility, and firm performance. The empirical study examines these relationships using partial least squares structural equation modelling on a dataset of 112 large Spanish companies. The results of this modelling exercise support the effectiveness of a specific set and sequence of knowledge management processes and confirm not only the direct effect of knowledge application on organizational performance, but also the mediating effect of organizational agility in this relationship.

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1. Introduction

Organizational agility refers to the capability of a company to rapidly change or adapt in response to changes (Tallon & Pinsonneault, 2011). Organizational agility is fundamentally necessary for organizations facing changing conditions to use production factors to achieve the objectives of the organization, employees, and shareholders (Shahrabi, 2012). To address these issues, organizational agility requires firms to quickly manage their knowledge when responding to a changing environment, and the market environment in particular (Kodish, Gibson, & Amos, 1995).

Knowledge in an organization originates from both inside and outside the firm (Martelo & Cegarra). Although so much of organizational knowledge seems to come from external evaluations and observations, organizations have to make use of internal experience, expertise, and processes to interpret this external knowledge and to convert this

knowledge into an explicit form that those firms can reuse (Ortega-Gutiérrez, Cegarra-Navarro, Cepeda-Carrión, & Leal-Rodríguez, 2015). Hence, the enhancement of an organization's agility develops through the combination of what Martelo and Cegarra (2014) refer to as knowledge structures.

Although some similarities between organizational agility and knowledge management (KM) exist, these concepts are very different. While KM involves the structures that organizations use to assemble, integrate, and use knowledge as leverage in an appropriate manner (Liao, Chuang, & To, 2011; Nonaka & Takeuchi, 1995), organizational agility refers to the continuous close coordination among business, stakeholders, and other environmental factors allowing the organization to respond effectively to constantly changing situations (van Oosterhout, Waarts, & Van Hillegersberg, 2006). Consequently, firms need to find ways not only to adequately manage the knowledge but also to ensure the development and subsequent sustaining of the organization's agility (Newey & Zahra, 2009; Shahrabi, 2012).

Although an extensive literature promoting knowledge structures and their direct link to organizational performance exists (Gold, Malhotra, & Segars, 2001; Martelo & Cegarra, 2014; Mills & Smith, 2011), few studies identify variables that mediate this relationship and, more specifically, no previous research analyzes the potential mediating effect of organizational agility on this relationship. Therefore, this study addresses the gap in the literature by aiming to identify how knowledge structures influence firm performance in the presence of organizational agility.

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