

# The Influence of Knowledge Management Processes on Intellectual Capital and Innovation Performance

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## ABSTRACT

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The organisational ability to utilise its knowledge is inseparably linked to its innovation performance. Knowledge is characterized as valuable, rare, inimitable and non-substitutable (VRIN) resources. Those characteristics are key resources to achieve organisational performance (Ferreira & Hamilton, 2010; Wang, 2014; Hussinki, Ritala, Vanhala, and Kianto, 2017). Within literature, there are two streams of academics discussion relating to knowledge in organisation. Those are intellectual capital (IC) literature, and knowledge management (KM) literature (Ramadan, Dahiyat, Bontis, & Al-dalahmeh, 2017; Kianto, Ritala, Spender, & Vanhala, 2014). The first stream considers IC as static resources or materials for organisational value creation. While the later sees KM as processes to create organisational value. Even though many studies have considers the important role of IC and KM Processes (KMPs) in creating values, however there are only limited studies examine IC and KMPs interaction to support innovation performance (IP) (Hsu & Sabherwal, 2012; Cabrilo and Dahms, 2018). Most of the existing studies have contented themselves with assessing IC or KM value level, and then correlating those two to IP. There are far less studies examining to what extent KMPs are consciously implemented within organisations, and furthermore, how the implementation of KMPs impacts the quality of IC leading to the success of IP. To bridge these gaps in the existing knowledge, the current paper examines how KMPs impacts on organisational IC and IP. This study suggested that IC as static resources could be examined as a mediation of KMPs influence on IP. The idea is that KMPs have the abilities to renew IC, leading to support organisational IP. Accordingly, the rationale for this study is to develop a conceptual model of KMPs-IC-IP causal relationship, and provide empirical evidence on the model. This study is expected to contribute to a broader knowledge of the extent IC that can mediate KMPs and IP relationship.

***Keywords:*** Knowledge Management Process, Intellectual Capital, Innovation Performance