

EXPLORING THE STRATEGIC ROLE OF KNOWLEDGE TRANSFER IN FOSTERING CONTINUOUS INNOVATION AND COMPETITIVE ADVANTAGE IN INDONESIA CREATIVE INDUSTRY 4.0**Dian Alanudin**

Institut Teknologi dan Bisnis Jakarta, Indonesia

Email: dian.alanudin@jbs.ac.id

Abstract

In Indonesia's Creative Industry 4.0, effective knowledge transfer is crucial for fostering continuous innovation. Despite the country's cultural richness, the transfer of knowledge within the creative sector remains suboptimal, hindering growth and innovation. Tacit knowledge predominantly resides within individuals, limiting dissemination within organizations and resulting in the loss of heritage and creative assets. However, amidst these challenges, significant opportunities exist, Indonesia's creative industry, with notable unicorns and a large workforce, has the potential for economic growth and development. Yet, the transition to Industry 4.0 demands enhanced knowledge transfer capabilities. While Industry 4.0 presents opportunities for Indonesia to compete globally, effective knowledge transfer remains limited. This study aims to address this gap by investigating the nature and consequences of knowledge transfer within Indonesia's creative industry, with a focus on fostering continuous innovation. By prioritizing knowledge transfer and leveraging ICT and HRM resources, firms can enhance their competitive advantage and performance in the dynamic landscape of Industry 4.0. Through this research, insights are provided to facilitate sustained growth and innovation in Indonesia's creative industry.

Keywords: Knowledge transfer, continuous innovation, knowledge creation, creative industry 4.0

INTRODUCTION

Indonesia is the world's biggest archipelago, with 17,508 islands populated by over 360 ethnic groups. Indonesia is rich in cultural diversity and customs, with a very stunning natural landscape, accompanied by a variety of excellent gastronomic pleasures. This is one of the main factors supporting the creative industry in Indonesia that should be able to grow and develop optimally (van den Broek et al., 2021). However, this is difficult to happen because the archiving and transfer of knowledge from one generation to the next is not going well. This phenomenon is also reflected in the Indonesian creative industry. Knowledge is still in the individual as tacit knowledge has not resided in the company or organization. Knowledge transfer within and between organizations in Indonesia's creative industry 4.0 is still lacking. The primary transfer of knowledge occurs between individuals (tacit to tacit) or between individuals and organizations (tacit to explicit). Individuals still have intrinsic knowledge, skills, and abilities that cannot be adequately developed and distributed in the creative business. 4.0. It is not adequately distributed and transferred inside the company or organization (Argote & Ingram, 2000). Changes in the knowledge or performance of recipient

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units can indicate that organizational knowledge, such as routines or best practices, has been transferred. Transferring organizational information, such as best practices, can be a tough task. This phenomenon has resulted in a lot of heritage and creative assets being lost and cannot be optimally developed and disseminated for the expansion of creative industry 4.0. These conditions make it difficult to preserve and innovate in a sustainable manner for the organizations. For example, the extinct traditional food recipes, the extinction of batik skills, or the creativity of making digital films are not transferred, developed, and reside in the organization (Casadesus-Masanell & Zhu, 2013).

Besides all the obstacles, live beneath the opportunities and challenges behind them. Indonesia's creative industry in the industrial era 4.0 is still promising. Although it is not an easy task to create a knowledge transfer to increase the capabilities and competitive advantage of an organization, this fundamental asset is needed to create many opportunities. Industry creative is thick with idea creation and creation in creating and developing products and services. because the character of the industry emphasizes creativity, knowledge is often in tacit knowledge and not disseminated into explicit knowledge (Krishnamoorthi & Mathew, 2018).

Indonesia has one decacorn (Go-Jek) and four unicorns: Ovo, Tokopedia, Bukalapak, and Traveloka. Furthermore, Indonesia employs 17 million people in the creative industry sector. As an inclusive economy, creative economy 4.0 has the ability to generate and enhance wealth, improve quality of life, and promote human development. According to the findings of these projects, businesses all over the world should begin to shift their perspectives on the world today in order to support continuous innovation in the world of future (Mikalef et al., 2020). Successful discovery, management, and the ability to transfer knowledge within and across the company are growing. Nonetheless, corporations are not adequately prepared for this challenge, much alone enter industry 4.0. Finally, in the new future brought about by the fourth industrial revolution, success is defined by information transmission and management. Furthermore, most businesses, whether large and small, have already recognized the value of information transfer (Ferreira Moutinho, 2016). Companies in the creative industry 4.0 recognize knowledge transfer as a critical competence that adds value. Optimizing the utilization of knowledge transfer through talents, abilities, and information is one strategy to enhance Indonesia's creative industry 4.0, allowing them to compete worldwide (Nambisan, Zahra, et al., 2019).

Knowledge transfer is indispensable for the sustainability of product and service development in the creative industry 4.0. through interconnection, world knowledge transfer should be facilitated with the assistance of technology. In addition, by increasing human intelligence, and the ability to produce creative ideas obtained through experience, the inability to knowledge transfer can be minimized.



Figure 1. Indonesia five sectors priority with regional competitiveness

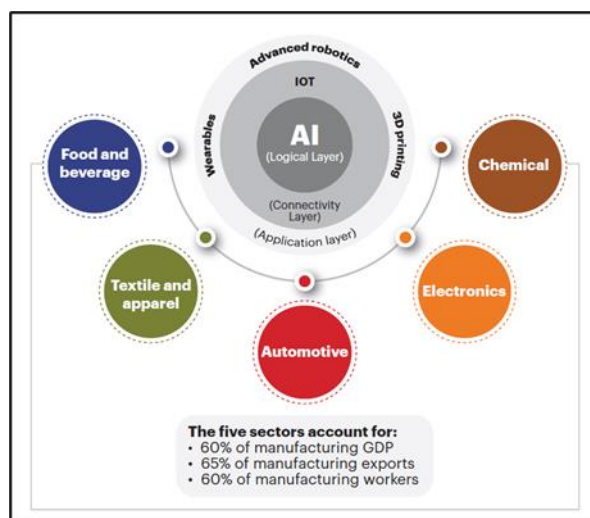


Figure 2. The Five Sectors "Making Indonesia 4.0"

The five industries highlighted in Indonesia's "making 4.0" initiative are all critical to the global economy, and Indonesia must become a big player in these sectors. The aforementioned "Making Indonesia 4.0" roadmap lists five sectors as priority sectors: food and beverage, automotive, textiles, electronics, and chemicals. Thus, these sectors are predicted to boost the country's exports in the future and promote the growth of the manufacturing sector's contribution to Indonesia's GDP. All parties must commit and work together to achieve the road map's success. Knowledge transfer is important to industry 4.0 and the new digital economy. Knowledge transfer is becoming increasingly common and important, as are the opportunities that come with it (Nambisan, Wright, et al., 2019). Adequate competencies and technologies are essential for catching up with these new prospects. Organisations must adopt creative techniques and ways of thinking in order to establish and sustain a competitive advantage. This means that organizations must be able to use new capabilities, such as advanced technology, modern management methods, or innovative business strategies, to safeguard and advance the interests of all stakeholders, including employees, customers, business partners, and shareholders (Sonenshein et al., 2017). Furthermore, organizations must seek out and capitalize on new market opportunities, generate additional revenue streams, and provide innovative consumer experiences. Furthermore, by developing and retaining long-term knowledge, companies ensure that all parties engaged reap long-term advantages from their efforts, so improving the organisation's

market competitiveness. To summarize, the new ecosystem offered by industry 4.0 comprises new collaborative operational models that use information transfer as insight to make decisions and increase operating efficiency while supporting continuous innovation. With the amount of information flow in Industry 4.0, businesses require new competencies in this increasingly interconnected environment. One such skill is knowledge transmission in Indonesia's creative 4.0 (Teece, 2010).

From these viewpoints, the researcher perceives many hurdles, problems, and opportunities in the Indonesian creative industry 4.0 phenomena. Individuals still have intrinsic knowledge, skills, and abilities that cannot be adequately cultivated and transmitted to enhance the creative sector. 4.0. Knowledge transmission is not sufficiently institutionalized inside the enterprise or organization. Important factors, such as tacit and explicit knowledge, as well as internal and external resources to assist knowledge transfer in the creative 4.0 business, are still underdeveloped. Crucial resources such as information and communication technology (ICT) and human resource management (HRM) remain underexplored in the creative business, resulting in undeveloped knowledge transmission. Furthermore, the promising nature of Indonesia's creative industry 4.0 provides numerous prospects for growth and overcome a critical gap, namely the strategic role of knowledge transfer in establishing a new competitive advantage and sustaining growth through constant innovation. This situation is at the heart of the key issue that will enable Indonesia's creative industry 4.0 to contribute more to the country's GDP through value creation while also promoting a long-term influence on the three bottom lines: people, environment, and profit.

From the phenomenon explained above, the lack of knowledge transfer in the creative industry 4.0 induces difficulties in fostering continuous innovation, this event is the focus of this study. These knowledge transfer processes as intangible assets that are crucial to enhance the firm competitive advantage in creative industry 4.0 through continuous innovation. Knowledge transfer is an important competency to create and foster opportunity creations and in the end, will be enhancing continuous innovation. Without this capability and skills, the firms will find difficulty in developing continuously and sustaining growth in industry 4.0.

The purpose of this study is to contribute to knowledge transfer and innovation area through investigating the nature of this new capability that leads to certain knowledge and innovation activities and its consequences to the industry 4.0 firms' competitive advantage performance. Furthermore, this study also sheds light on implementing knowledge transfer of innovation practice in industry 4.0 companies. These efforts are trying to extend and integrate our understanding of knowledge transfer through new phenomena and perspectives, especially in Indonesia's creative industry 4.0.

The way the company optimizes and maximizes the use of knowledge in fostering its continuous innovation in industry 4.0 is crucial for the company to cope with the turbulent environment nowadays. There are several competencies needed in utilizing knowledge transfer to improve continuous innovation activities in industry 4.0. This study aims at investigating and raises a research question: "How does knowledge transfer contribute to fostering continuous innovation and creating competitive advantage in Indonesia's Creative Industry 4.0?" This research consists of three sections that start with the introduction that explains the phenomenon as a background and the importance of this study. Secondly, discuss the conceptual and theoretical framework used in this study starting from the field of the research, grand theory, up until the derived proposition approach and discusses the theoretical proposed model development. Finally, the last section discusses the conclusions remarks of this research

RESEARCH METHOD

This study employs a qualitative approach using a case study method to gain an in-depth understanding of the phenomenon of knowledge transfer within Indonesia's creative industry in the era of Industry 4.0. This approach allows for an in-depth exploration of the processes, challenges, and opportunities associated with knowledge transfer within creative organizations. The research adopts an exploratory design aimed at identifying and understanding the factors influencing the effectiveness of knowledge transfer. The case studies focus on creative companies in Indonesia that have implemented elements of Industry 4.0, including the use of information and communication technology (ICT) and innovative human resource management (HRM).

Based on the knowledge transfer in fostering continuous innovation in the context of knowledge and innovation research as well as the theoretical discussed above, in this section, the propositions are developed based on the previous study in the literature to address the research question mention in introduction section. The proposed model is based on the theories presented in figure 2.4. In this model, knowledge creation performs as the mediation of knowledge transfer and continuous innovation. In the end, competitive advantage is a consequence output. Therefore, in this context, we formalize the circumstances into proposition as follow:

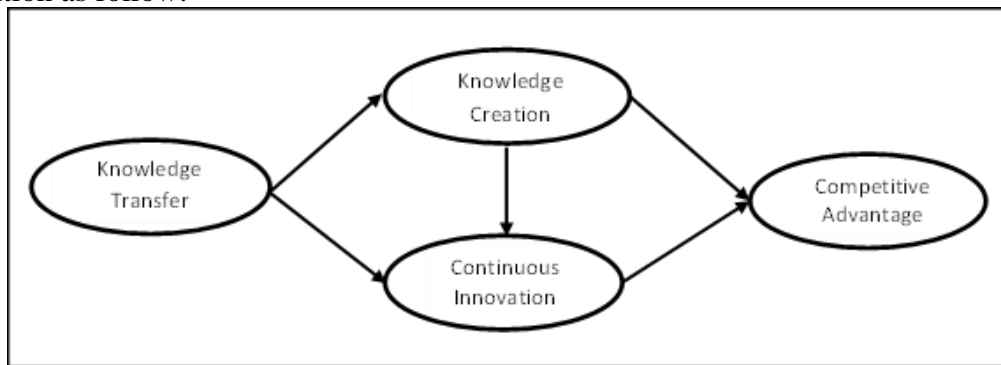


Figure 3. The research model and the derived propositions

Proposition 1: Knowledge transfer will foster continuous innovation through knowledge creation in creative industry 4.0.

Knowledge transfer is a powerful strategy of producing desired continuous innovation behaviors among employees, and hence can be expected to contribute to the establishment of competitive advantage (Demartini et al., 2015). According to Nonaka et al., (2006), Organizations with knowledge transfer competencies will make prudent use of resources, making them more inventive and performing better through knowledge production. Organizations would struggle to produce continuous innovation if knowledge transfer is not managed properly. Knowledge transfer is a coordinated mechanism that converts information and knowledge into useful products and services. Start from socialization in individual tacit knowledge through all the spiral of knowledge creation will boost the knowledge transfer capability and prosers to achieve continuous innovation (Wehn & Montalvo, 2018)

Proposition 2: Knowledge transfer will create competitive advantage through continuous innovation in creative industry 4.0.

There are three main factors in knowledge transfer that should be settled before it can foster continuous innovation directly. It is the willingness to transfer knowledge behavior: (1) Attitude towards knowledge transfer, (2) pressure to transfer knowledge, and (3) control over

knowledge transfer (Wehn & Montalvo, 2018) . Knowledge transfer is capable of supporting management decisions and fostering continuous innovation function properly when all of this behavior is resided and exists in the organizations. Knowledge transfer processes and tools within the organization are broadly acknowledged, monitored, and updated. Knowledge transfer architecture allows all stakeholders in the organization's extended value chain to share data and information, as well as knowledge and experience. The organization's present knowledge transfer processes are sufficient to support the everyday work, and particularly reward information sharing to strengthen and nurture ongoing innovation throughout the business and among organizations (Nonaka et al., 2006). The organization specifically rewards knowledge transfer and blended this behavior with continuous innovation tend to achieve and foster competitive advantage (Li & Gao, 2003) (Li & Gao, 2003)

Proposition 3: Knowledge transfer will create competitive advantage through knowledge creation in creative industry 4.0.

Knowledge transfer through knowledge creation will be succeeded in creating and sustaining the competitive advantage (Li and Fei Gao, 2003; Nonaka et al. 2006). To create and sustain its competitive advantage in the long term, a company must first have knowledge transfer function properly, and that knowledge creation can create the future goods and services (Li and Fei Gao, 2003). With these conditions, the opportunities are discovered, evaluated, and exploited. At the end, competitive advantage can be created. The pool of corporate knowledge, in this case, is knowledge about strategy, organizational structure, and operational to create product and services. This knowledge is, for the most part, diverse and form as tacit knowledge. This is the source for a company to achieve a competitive advantage (Wang, 2014). To conclude, the understanding derived proposition three, knowledge transfer will be fostering competitive advantage through knowledge creation

RESULT AND DISCUSSION

This study adds to existing knowledge about knowledge transfer and continuous innovation by developing a proposition to achieve competitive advantage. To improve knowledge transfer and continuous innovation in the creative industry 4.0 and create a competitive advantage, companies must be able to manage their tacit knowledge. The organization cannot generate knowledge by itself. Individual tacit knowledge serves as the foundation for the development of organizational knowledge. Knowledge transfer is the process of leveraging existing knowledge and finding existing and accessible knowledge. Organizational knowledge generation is a spiral process that begins at the individual level and advances through broader communities of interaction that span sectional, departmental, divisional, and organizational borders. To have an effective knowledge transfer in the creative industry 4.0, firms need to build knowledge-creation to enhance their continuous innovation. Besides, knowledge transfer can also create a competitive advantage through continuous innovation in creative industry 4.0. There are three main factors in knowledge transfer that should be settled before it can foster continuous innovation directly. It is the willingness to transfer knowledge behavior: (1) Attitude towards knowledge transfer, (2) pressure to transfer knowledge, and (3) control over knowledge transfer.

The conclusion of this study shows that knowledge transfer can drive sustainable innovation through knowledge creation in creative industries 4.0. Companies that focus on knowledge creation are able to explain how the creative sector generates and maintains the dynamics of continuous innovation in work processes, product development, and

organizational adaptation. Learning and the cultivation of awareness among all members drives organizational efforts to continuously exploit every potential resource available, whether individually, collectively, organizationally, or society. Given the abundance of tacit knowledge in people, dynamic organizational action seeks to mobilise this valuable resource, which then becomes the engine driving incremental and radical innovation, and gives businesses a competitive advantage.

As a continuation of this process, companies in creative industries 4.0 need to develop strategies that focus not only on the exploitation of existing knowledge, but also on the exploration of new knowledge. This includes investments in research and development (R&D), the establishment of partnerships with educational institutions, and active participation in the global innovation ecosystem. By strengthening a culture of adaptive and collaborative learning, companies can continue to generate new ideas and face challenges that arise as technology evolves and markets change. In addition, it is important for companies to build systems that support the horizontal and vertical flow of knowledge within the organisation, so that knowledge is not only accumulated at a certain level, but also spread and integrated throughout the company. Thus, knowledge transfer becomes key in maintaining the competitiveness and relevance of the company in the era of the ever-evolving creative industry. This study identifies the dimensions underlying knowledge transfer and continuous innovation. This study highlights the synergistic effect of knowledge transfer and continuous innovation on firms' competitive advantage. The purpose of this research is to answer the research question on "How to enhance knowledge transfer in the creative industry 4.0 to fostering continuous innovation?"

In terms of management consequences, businesses must first define a vision and goal, and then connect them to all of the unique resources linked to knowledge transfer and dissemination in order to support ongoing innovation. This will generate growth, which can lead to long-term firm competence. Future research could examine the impact of knowledge creation on business model innovation, and subsequent studies can address the role of knowledge creation in relation to business model innovation holistically and longitudinally.

CONLUSSION

The study concludes that effective knowledge transfer is essential for fostering continuous innovation in the creative industry 4.0, emphasizing the importance of managing tacit knowledge as the foundation for organizational knowledge creation. Knowledge transfer, which involves utilizing and identifying accessible knowledge, is crucial for driving innovation and creating a competitive advantage. Key factors for successful knowledge transfer include attitude towards it, pressure to transfer, and control over the process. The dynamic process of knowledge creation starts at the individual level and expands through organizational levels, contributing to sustained innovation in processes, product development, and adaptation. Organizations that effectively mobilize tacit knowledge can drive incremental and radical innovations, gaining a competitive edge. The study highlights the synergistic relationship between knowledge transfer and continuous innovation, suggesting that this interplay is vital for enhancing firms' competitive advantage. For managerial practice, the research recommends linking organizational vision and mission with unique knowledge resources to facilitate knowledge transfer and creation, fostering continuous innovation and long-term competence. Future research could further explore the impact of knowledge creation on business model innovation in a holistic and longitudinal context.

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