

Tacit Knowledge and Innovation

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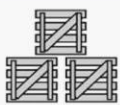
The use of internal tacit knowledge is significant and relevant in the innovation production process.

It revealed that tacit knowledge is more prominent and significant than explicit knowledge in the manufacturing.

Many types of definition exist for innovation in scientific literature. Two major competing approaches

can be highlighted in the management domain: technological push innovation (linear model of innovation) and the alternative demand-pull innovation approach, that refers to innovation stimulated by market demand rather than by scientific discoveries.

Explicit Knowledge: Data, information, Documents, Records, Files
Tacit Knowledge: Experience, Thinking, Competence



Raw Material



Manufacturing



Sales & Marketing



Finished Goods/Warehouse



Distribution

business service firms. Moreover, knowledge capital is found to be a significant factor contributing to performance heterogeneity among firms. Furthermore, knowledge capital rises with innovation input, the firm's internal knowledge for innovation, and cooperation on innovation with knowledge partners.

The tacit knowledge (specific knowledge of the enterprise) is more essential and more significant than explicit

knowledge in the firms with respect to their in-house innovation production. Researcher found following positive relationship:

- A firm's own exclusive knowledge and own idea development efforts have positive effect on innovation performance of firms .
- The knowledge sharing between the firms and their suppliers or buyers enhances innovation development (demand pull innovation)

Innovation is to be a major contributor to productivity growth explored by comparing manufacturing and service firms in knowledge-intensive industries. A positive relationship found between R&D, innovation and productivity for both knowledge intensive manufacturing firms and

The disciplinary knowledge does not play a significant role in innovation. On the other hand, the current and newly generated tacit knowledge is very important. The own innovation performance is derived from present knowledge. This knowledge of firm is coming mainly from their supply chain networks, under-lining the importance of reciprocity and absorptive capacity. Firms must understand the factors behind innovation knowledge induced by demand pull innovation.