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# Sustainable Knowledge Management and Firm Innovativeness: The Contingent Role of Innovative Culture

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**Abstract:** This study presents the moderating effect of innovative culture on the relationship between knowledge management and firm innovativeness. The consequences of organisations that do not practice innovative culture would result in their inability to respond and react effectively to changes in the dynamic nature of the business environment and henceforth unable to achieve superior performance. In attempting to answer the research questions, a total of 202 MSC Malaysia organisations took part in the survey. To assess the developed model, WarpPLS (version 7.0) was applied based on path modelling and then bootstrapping. The results highlighted that three of the four dimensions of knowledge management, namely knowledge acquisition, knowledge application and knowledge protection were positively and significantly related to firm innovativeness. On the other hand, innovative culture was found to moderate the relationships between knowledge acquisition and firm innovativeness; and knowledge application and firm innovativeness.

**Keywords:** knowledge management; innovative culture; firm innovativeness; MSC Malaysia; technology industry; WarpPLS

## 1. Introduction

Organisations perennially pursue ways to stay ahead of their rivals, and one of the ways to be competitive is to equip themselves with knowledge. The importance of knowledge is obvious as it is the antecedence to firm innovativeness. Knowledge management (KM) is regarded as a systematic method in exploiting a firm's knowledge [1] while other scholars [2] consider it as an organised process in administering knowledge assets and processes in the development, dissemination and application of knowledge to obtain organisational goals. Knowledge is considered as a valuable asset that enables organisations to obtain distinctive skills and attain innovation prospects [3,4]. Apart from knowledge, technological competencies act as an important role for organisation in their quests to develop new products and services that propel the organisation into obtaining competitive advantage [5].

As a result of the intense nature of global competition, organisations realised the importance of innovation to ensure their effectiveness, survival and performance [6,7]. It involves the effective use of new ideas [8] and is related to the formation and utilisation of knowledge [5]. Innovation process relies largely on knowledge since knowledge characterises an ambit that is more meaningful than data,