Impact of Knowledge Inertia on Organizational Innovation (Mediating Role of Organizational Learning)

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ABSTRACT
Drucker considers knowledge as the only competitive advantage of an organization. So knowledge is considered as an effective resource for organizations and individuals to survive. However, individuals usually make use of their experience and prior knowledge when they encounter problems, and solve similar problems in the same solution. These managerial predictive behaviors may endanger an organization which is in a competitive environment. This common routine problem-solving is called “Knowledge Inertia” (Shekari & Ahmadi, 2011).

The aim of this research is to see the impact of knowledge inertia in organizational learning and organizational innovation. The study took three variables named knowledge inertia, organizational learning and organizational innovation which is analyzed in private sector organizations.

Information was gathered from employees who are working in private organizations. The sample size is 200 employees in Puttalam District. The collected data are presented through univariate analysis, bivariate analysis, and simple mediation analysis and cross tab analysis using the SPSS 19.0 software.

According to the results obtained through the data, the level of knowledge inertia is in moderate level and the organizational learning and organizational innovation are in high level. Further it is proved that the knowledge inertia and the two variables organizational learning and organizational innovation have negative relationship as well as the organizational learning and organizational innovation have strong positive relationship.

On other hand it can be found the organizational learning plays a role as a mediator between knowledge inertia and organizational innovation.

Key words: Knowledge Inertia, Organizational learning, Organizational Innovation.

1 INTRODUCTION
Knowledge is considered as an invaluable and effective resource for organizations and individuals. In the modern economy, knowledge is the main source of economic and industrial development

Drucker considers knowledge as the only competitive advantage of an organization. So knowledge is considered as an effective resource for organizations and individuals to survive. However, individuals usually make use of their experience and prior knowledge when they encounter problems, and solve similar problems in the same solution. These managerial predictive behaviors may endanger an organization which is in a competitive environment. This common routine problem-solving is called “Knowledge Inertia” (Shekari & Ahmadi, 2011). Knowledge inertia theory was suggested first by Liao in 2002.

"Inertia" not only has a negative impact on the exploitation of knowledge, but also may divulge commercial secrets and strategies that an organization has.

There are lot of obstacles for efficient and fruitful knowledge management and organizational learning.
Inertia would result in lack of innovation and expected behavior, which may jeopardize the survival or undermine the advantage of an enterprise in a highly competitive environment (Liao, Fei and Chen, 2007). Knowledge inertia may pose significant barriers to organizational learning. Knowledge inertia may also be a significant barrier to change innovation and adaptation in turbulent economic environments (Collinson and Wilson, 2006). Based on the study the researcher intended to identify the thing that whether there is an impact of knowledge inertia on organizational learning and organizational innovation in private sector organizations.

Based on the intention of the research researcher draw some Objective as,

- To identify the degree of existence of knowledge inertia, organizational learning and organizational innovation
- To examine the relationship between knowledge inertia and organizational learning
- To examine the mediating role of organizational learning

2.3 Knowledge Inertia
Using the principles of inertia in physics to knowledge management, Liao (2002) states that knowledge inertia is a barrier to knowledge management and may inhibit an organization’s capability to learn and solve problems. Often routine problem-solving procedures are adopted to save time and effort as well as to avoid risks. Stagnant knowledge sources and obsolete prior experience result in the same solutions and approaches being employed to deal with problems.

So knowledge inertia is a dangerous one for the organizations. Hence, in order to grasp the trend of economic development and meet current challenges, enterprises should seek ways to strengthen the development of knowledge and pay more attention to organization and individual innovation. However, individuals often have their natural inertia in the process of innovating depending on the knowledge. They tend to follow the original path of thinking and resort to their prior knowledge and experience for solutions when facing problems.

“Such routine problem-solving strategy is termed knowledge inertia” (Liao, Fei & Liu, 2008).

Among the gathered literatures, most scholars (Zhao & Wu & Wang, 2012) adopt the definition of knowledge inertia raised by Taiwan Scholar Liao (2002), who defines knowledge inertia as,

“People are used to solve problems with the routine problem solving procedures, stagnant knowledge sources, and prior experience or knowledge”

Applying the concept of inertia to human behavior shows that individuals often resort to constant methods for dealing with problems (Liao et al., 2008). (Huff, Huff and Thomas, 1992) describe inertia as,

“an overarching concept that encompasses personal commitments, financial investments and institutional mechanisms supporting the current ways of doing things”.

“The degree of the level of commitment to the organisation’s current strategy will grow over time as current ways of operating According to Liao et al (2008), KI is provided the empirical
evidence to support that is comprised of two dimensions: experience and learning inertia. Experience inertia is defined as individuals solve problems with prior experience and knowledge. Learning inertia is referred as individual learn knowledge from the same source. However, Adams et al. (1998) found that inertia hindered organization capability to learn. In the other words, inertia could be considered as a barrier for organizational learning. For individuals, KI obstructed learning ability, and then affects organizational learning and organizational innovation.

**Learning Inertia**
When individuals feel that by applying past experience and knowledge, there is no need to acquire new knowledge, thereby, they face inertia in learning and teaching stages. In fact, learning inertia is the opposite of organizational learning. (Shalikar, Lahoutpour and Rahman, 2011)

**Experience Inertia**
By experience inertia we mean that an organization has some problems in its areas of activity in where experience is very limited and consequently they are not able to overcome the obstacles. Experience is considered as one of the learning sources, which about 70% of learning is go through that. Learning originates from our reactions to different situations in our everyday life.

2.4 Organizational Learning
In this light, organizational learning, defined as, “The capability for organizations to create, disseminate, and act upon generated knowledge, can be regarded as a source”. (Auh and Mengue, 2005).

**Commitment to Learning**
Human beings need to learn new things every day in order to improve their mental and physical health and ameliorate their growth by the help of learning which an internal trend is. We learn from all past experience. All in all, an individual’s commitment to learning and also his/her ability to learn is vital for an organization. (Shalikar, Lahoutpour and Rahman, 2011).

**Shared Vision**
Shared vision is the discovery of common images about future, which strengthens real commitment in the members of the organization. Vision, points to a clear image and in some cases abstract topics in future that explain why we need to work hard to create such a vision (Shalikar, Lahoutpour and Rahman, 2011).

**Open-Mindedness**
Open-mindedness is an analytical method for phenomenon and a way to escape from the enchanted perceptions. The main idea of “Open-mindedness” by Anthony Rothman who is a modernism thinker- is: “experiences based on wisdom”. Organizations need free vision, free expression and self-activation in order to convert implicit knowledge of the employees to formal knowledge, share the information and spread them within the employees. Such elements get managers prepared for methodology and knowledge management (Dovenport, 1997, 45).

2.5 Organizational innovation
According to recent negotiations and discussions about organizational innovation, “producing new products depends notably on research and development issues”. (Kuratko, &Hodgetts, 2004, 172-174).

Innovation allows organizations to progress parallel with the changes flourishing in the environment. It’s a strategic key in responding to the new challenges of an environment full of uncertainties.

Wu et al., (2008) suggest that an innovation is defined as, “An idea, a product or process, or a system that is perceived to be new to an individual”.

**Administrative Innovation**
Administrative innovation occurs within the administrative processes and has influence on social systems in organizations, which include rules, trends, instructions and communications. (Shalikar, Lahoutpour and Rahman, 2011).

**Technical Innovation**
Technical innovation entails importing raw materials or equipment from other industrial fields in order to produce new products, which are made radically different from developing the usage of the products or new formulation. For, by combination of several technologies, a completely different product will be presented. (Shalikar, Lahoutpour and Rahman, 2011).
Organization’s features and also the existing relations between them. (Liao, 2007-2008).

3 CONCEPTUALIZATION
Analytical model of research is divided into three groups in which each group consists subgroups for evaluation. Besides, we study the interdependence of the sub-division variables or index of model to determine the relationships between the key variables.

FIGURE: 1 Conceptual Framework

Based on this conceptual framework the hypothesis were developed to measure the results.

TABLE: 1 Hypothesis

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1: Knowledge inertia is negatively related to organizational learning</td>
<td></td>
</tr>
<tr>
<td>H2: Knowledge inertia is negatively related to organizational innovation</td>
<td>(Shekari and Ahmadi, 2011)</td>
</tr>
<tr>
<td>H3: Organizational learning is positively related to Organizational innovation</td>
<td></td>
</tr>
<tr>
<td>H4: Organizational learning is the mediating variable between knowledge inertia and organizational innovation</td>
<td></td>
</tr>
</tbody>
</table>

4 RESEARCH METHODOLOGY

Regarding objectives of this study unit of analysis is the individual staff of the selected private organizations in Puttalam district. The study totally depends on primary data. The primary data will be collected through questionnaire from 200 staff of private organizations by using simple random sampling. The sample data were analyzed according to the descriptive statistics, correlation and regression analysis and simple mediation analysis by using SPSS (19.0)

4.1 Univariate Analysis and Evaluation
Central tendency of mean and SD are in consideration.
The mean value is lying in the range of 1 to 5 and the value of each respondent for a dimension is compared with the medium value of 3. In evaluating the samples as a whole the mean value of the respondent is compared with the medium. The decision rule can be formulated as follows.

<table>
<thead>
<tr>
<th>Decision criteria for univariate analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Range for decision criteria</td>
</tr>
<tr>
<td>1≤X≤2.5</td>
</tr>
<tr>
<td>2.5&lt;X≤3.5</td>
</tr>
<tr>
<td>3.5&lt;X≤5.0</td>
</tr>
</tbody>
</table>

4.2 Bivariate Analysis and Evaluation
The bivariate analysis is to explore the relationship between the two variables. In this context the correlation analysis is carried out to measure the strength of relationship between the variables knowledge inertia, organizational learning and organizational innovation.

<table>
<thead>
<tr>
<th>TABLE: 3 Decision Criteria for Bivariate Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Range</td>
</tr>
<tr>
<td>r =0.5 to 1.0</td>
</tr>
<tr>
<td>r =0.3 to 0.49</td>
</tr>
<tr>
<td>r =0.1 to 0.29</td>
</tr>
<tr>
<td>r = -0.1 to -0.29</td>
</tr>
<tr>
<td>r = -0.3 to -0.49</td>
</tr>
</tbody>
</table>
4.3 Regression Analysis

The line regression explained the pattern of variation of depending variables in relation to values of the independent variable. In this research to find what relationship exists between Knowledge inertia and organizational learning and organizational innovation, the regression is applied.

This could be explained through the following equation.

\[
Y = a + bx
\]

\(a\) = Point cutting a cross axis Y, that is value of Y when \(x = 0\)

\(b\) = Slanting of the regression line

4.4 Simple Mediation Analysis

The four step approach is proposed to do mediation analyses, in which several regression analyses are conducted and significance of coefficient is examined at each step.

**Figure: 2 Simple Mediation Analyses**

![Simple Mediation Analyses Diagram](image)

**Table: 4 Simple Mediation Analysis**

<table>
<thead>
<tr>
<th>Step</th>
<th>Analysis</th>
<th>Visual Depiction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step - 1</td>
<td>Conduct a simple regression analysis with X predicting Y to test for path c alone. (Y = B_0 + B_1X + e)</td>
<td>X (\rightarrow) Y</td>
</tr>
<tr>
<td>Step - 2</td>
<td>Conduct a simple regression analysis with X predicting M to test for path a</td>
<td>X (\rightarrow) M</td>
</tr>
</tbody>
</table>

The purpose of Steps 1-3 is to establish that zero-order relationships among the variables exist. If one or more of these relationships are non-significant, researchers usually conclude that mediation is not possible or likely. Assuming there are significant relationships from Steps 1 through 3, one proceeds to Step 4. In the Step 4 model, some form of mediation is supported if the effect of M (path b) remains significant after controlling for X. If X is no longer significant when M is controlled, the finding supports full mediation. If X is still significant (i.e., both X and M both significantly predict Y), the finding supports partial mediation.

5 DATA PRESENTATION AND ANALYSIS

5.1 Reliability

The reliability of the instrument was measured using Cronbach alpha analysis.

**TABLE: 5 Reliability of Data**

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Cronbach Alpha Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge Inertia</td>
<td>0.702</td>
</tr>
<tr>
<td>Learning Inertia</td>
<td>0.835</td>
</tr>
<tr>
<td>Experience Inertia</td>
<td>0.742</td>
</tr>
<tr>
<td>Organizational Learning</td>
<td>0.872</td>
</tr>
</tbody>
</table>
5.2 Descriptive Statistics

5.3 Knowledge Inertia

<table>
<thead>
<tr>
<th>Variable</th>
<th>Descriptive statistics</th>
<th>Decision criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Learning inertia</td>
<td>1.7902  0.6574</td>
<td>Low level</td>
</tr>
<tr>
<td>Experience inertia</td>
<td>3.7128  0.6368</td>
<td>High level</td>
</tr>
<tr>
<td>Knowledge inertia</td>
<td>2.7515  0.4200</td>
<td>Moderate level</td>
</tr>
</tbody>
</table>

(Source: Survey Data)

The above table shows that the knowledge inertia in terms of learning inertia with mean value of 1.79 with standard deviation 0.6574 which shows that lower level of learning inertia and the experience inertia which consists of mean value of 3.7128and standard deviation with 0.6368. Further it shows that there is moderate level knowledge inertia in private sector organization.

5.4 Organizational Learning

<table>
<thead>
<tr>
<th>Variable</th>
<th>Descriptive statistics</th>
<th>Decision criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shared vision</td>
<td>4.108  .546</td>
<td>High level</td>
</tr>
<tr>
<td>Commitment to learning</td>
<td>4.176  .553</td>
<td>High level</td>
</tr>
<tr>
<td>Open mindedness</td>
<td>3.884  .671</td>
<td>High level</td>
</tr>
<tr>
<td>Organizational learning</td>
<td>4.065  .675</td>
<td>High level</td>
</tr>
</tbody>
</table>

(Source: Survey Data)

The above table shows the mean value and the standard deviation for the variable of organizational learning. It shows that the shared vision has with mean value of 3.66 with standard deviation 0.528 which shows that high level of shared vision and the dimension commitment to learning which consists of mean value of 3.78and standard deviation with 0.60. The dimension open mindedness has shown the value of mean as 3.88 and which reveals that there high level of satisfaction on open mindedness.

5.5 Organizational innovation

<table>
<thead>
<tr>
<th>Variable</th>
<th>Descriptive statistics</th>
<th>Decision criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technical innovation</td>
<td>4.065  .675</td>
<td>High level</td>
</tr>
<tr>
<td>Administrative innovation</td>
<td>4.1419  .6174</td>
<td>High level</td>
</tr>
<tr>
<td>Organizational innovation</td>
<td>4.1037  .5875</td>
<td>High level</td>
</tr>
</tbody>
</table>

(Source: Survey Data)

The above table shows the mean value and the standard deviation for the variable of organizational innovation. It shows that the technical innovation has with mean value of 4.06 with standard deviation 0.6757which shows that high level of technical innovation and the
dimension administrative innovation which consists of mean value of 4.14 and standard deviation with 0.61. It also reflects the administrative innovation is in the high level in the private organizations. The above table shows that there is high level organizational innovation in private sector organization. All together it can be concluded that there is high level of organizational innovation in private organizations.

5.6 Relationship between Variables

**TABLE: 9 Relationship between the variables**

<table>
<thead>
<tr>
<th>Variables</th>
<th>KI - OL</th>
<th>KI - OI</th>
<th>OL - OI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Correlation</td>
<td>-.257**</td>
<td>-.143**</td>
<td>.537**</td>
</tr>
<tr>
<td>Sig</td>
<td>0.000</td>
<td>0.048</td>
<td>0.000</td>
</tr>
</tbody>
</table>

**Correlation is significant at the 0.05 level (2-tailed).**

(Source: Survey Data)

The significance is at 0.01 levels (2-tailed), and coefficient of correlation (r) is .257. It is found as a medium negative correlation between KI and OL because the Pearson correlation found here is less than 0.5.

The significance is at 0.01 levels (2-tailed), and coefficient of correlation (r) is -.143. It is found as a medium negative correlation between KI and OI because the Pearson correlation found here is less than 0.5.

The significance is at 0.01 levels (2-tailed), and coefficient of correlation (r) is 0.537. It is found as a strong positive correlation between OL and OI because the Pearson correlation found here is greater than 0.5.

**TABLE: 10 Regression between Knowledge Inertia and Organizational Innovation**

<table>
<thead>
<tr>
<th>Modal</th>
<th>R</th>
<th>R square</th>
<th>a</th>
<th>constant</th>
<th>b value</th>
<th>Beta</th>
<th>Sig t</th>
</tr>
</thead>
<tbody>
<tr>
<td>KI - OL</td>
<td>.257</td>
<td>.066</td>
<td>4.937</td>
<td>-.319</td>
<td>.257</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Survey Data)

According to that, the Regression Equation is:

Organizational innovation(Y) = 4.937 - 0.319X

As indicated by R Square, 29.9% of the variance of organizational innovation is explained by Organizational Learning. And further the b and beta values are .630 and .547 respectively shows the negative relationship of the variables.

**TABLE: 11 Regression between Organizational learning and Organizational Innovation**

<table>
<thead>
<tr>
<th>Modal</th>
<th>R</th>
<th>R square</th>
<th>a</th>
<th>constant</th>
<th>b value</th>
<th>Beta</th>
<th>Sig t</th>
</tr>
</thead>
<tbody>
<tr>
<td>OL - OI</td>
<td>.547</td>
<td>.299</td>
<td>1.549</td>
<td>.630</td>
<td>.547</td>
<td>.000</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Survey Data)

According to that, the Regression Equation is:

Organizational innovation(Y) = 1.549 + 0.630X

As indicated by R Square, 29.9% of the variance of organizational innovation is explained by Organizational Learning. And further the b and beta values are .630 and .547 respectively shows the negative relationship of the variables.

5.7 Mediating Role of Organizational Learning between Knowledge Inertia and Organizational Innovation

It is going to be tested with simple and multiple regressions by using independent mediating and dependent variables.
Step – 1

TABLE 12: Simple regression between Independent (KI) and Dependent Variable (OI)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
<td>4.667</td>
<td>.286</td>
<td>16.323</td>
<td>.000</td>
</tr>
<tr>
<td>KI</td>
<td>-.204</td>
<td>.102</td>
<td>-.1992</td>
<td>.048</td>
</tr>
</tbody>
</table>

Dependent Variable: Organizational Innovation
(Source: Survey Data)
The B value for the knowledge inertia and organizational innovation is -.204 and is significant.

Step – 2

TABLE: 13 Simple regression between Independent (KI) and Mediating Variable (OL)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
<td>4.93</td>
<td>.24</td>
<td>20.35</td>
<td>.000</td>
</tr>
<tr>
<td>KI</td>
<td>-.319</td>
<td>.08</td>
<td>-.257</td>
<td>.000</td>
</tr>
</tbody>
</table>

Dependent Variable: Organizational Learning
(Source: Survey Data)
The b value for the knowledge inertia and organizational learning is -.257 and is significant.

Step – 3

TABLE: 14 Simple regression between Mediating (OL) and dependent Variable (OI)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
<td>1.549</td>
<td>.286</td>
<td>5.423</td>
<td>.000</td>
</tr>
<tr>
<td>OL</td>
<td>.630</td>
<td>.070</td>
<td>.547</td>
<td>9.010</td>
</tr>
</tbody>
</table>

Dependent Variable: Organizational innovation
(Source: Survey Data)
The b value for organizational learning and organizational innovation is .630 and is significant.

Step – 4

Table: 15 Multiple Regressions with Dependent Variable

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>constant</td>
<td>1.562</td>
<td>.432</td>
<td>3.612</td>
<td>.000</td>
</tr>
<tr>
<td>KI</td>
<td>-.003</td>
<td>.090</td>
<td>-.038</td>
<td>.970</td>
</tr>
<tr>
<td>OL</td>
<td>.629</td>
<td>.073</td>
<td>.547</td>
<td>8.674</td>
</tr>
</tbody>
</table>

Dependent Variable: Organizational innovation
(Source: Survey Data)
The standardized regression coefficient between knowledge inertia and organizational learning was statistically significant as was the standardized regression coefficient between
organizational learning. The standardized indirect effect was (-.319) (.63) = (-0.2009).

The indirect effect was tested using bootstrapping procedure. Unstandardized indirect effects were computed in 95% confidence interval.

Both the direct effects of knowledge inertia and organizational innovation and indirect effects are more significant; hence H4 is supported.

6 DISCUSSION AND FINDINGS

According to the mean value of the knowledge inertia it is 2.7515. According to this mean value it can be concluded that it is at moderate level of knowledge inertia of private organizations where the range between 3.5<X≤5.0. Whole look at the level of knowledge inertia of private organizations in Puttalam District is in moderate level.

According to the mean value of the organizational learning it is 4.065. According to this mean value it can be concluded that it is at high level of organizational learning of private organizations where the range between 3.5<Xd≤5.0. Whole look at the level of organizational learning of private organizations in Puttalam District is in high level.

According to the mean value of the organizational innovation it is 4.1037. According to this mean value it can be concluded that it is at high level of organizational innovation of private organizations where the range between 3.5<Xd≤5.0. As a whole we can say that the level of organizational innovation of private organizations in Puttalam District is in high level.

The analysis of correlation analysis between knowledge inertia and organizational learning and regression results reveals a weak negative relationship. The correlation coefficient between these variables is -0.257, which is significant at 0.000 significance level. This correlation is found to be weak as it has less than 0.5.

As per results of simple regression analysis between these two variables, knowledge inertia is found to have a negative impact on organizational innovation with the strength of b value of – 0.204. As indicated by R Square, 2% of the variance of organizational innovation is explained by knowledge inertia.

The finding reveals the importance of knowledge inertia among private organization employees for improving their organizational innovation. The findings of the study suggest that the degree of knowledge inertia can be demotivated in order to enhance the level of their organizational innovation.

A strong positive relationship is found between organizational learning and organizational innovation.

Parameter estimates of the hypothesized relationships between the three constructs of organizational learning and the two constructs of organizational innovation are positive and significant, indicating positive impact of organizational learning on organizational innovation. In other words, higher organizational learning ability will lead to better performance in administrative and technical innovation; hence H3 is supported.

Based on the findings of the mediating analysis the researcher can find that, by the organizational learning the innovation is highly increased. The knowledge inertia directly effects organizational innovation by -.204 and organizational learning by -.319.

But when the organizational learning is mediating between knowledge inertia and organizational innovation it gets the value of .629. It is positively related with organizational innovation.

When we see the indirect effects of the relationship, the knowledge inertia becomes insignificant while the organizational learning becomes significant. So we can say that the organizational learning take part as a mediator between knowledge inertia and organizational innovation. So the H4 is accepted.

According to (Liao, Fei & Liu, 2008), they assumed that the organizational learning is the mediating variable between knowledge inertia and organizational innovation. According to their observation the completely mediating model has the best-fitted model compared to the partially mediating model and the direct model.
This result indicates that the influence of the knowledge inertia on organizational innovation occurs by way of organizational learning. So there is a mediating role of organizational learning between knowledge inertia and organizational innovation.

7 CONCLUSION AND RECOMMENDATION

7.1 Conclusion
Based on the research it can be concluded that there is a moderate level of knowledge inertia in private organizations and both the organizational learning and organizational innovation are in high level. Same as there is a negative relationship between KI and OL and KI and OL. But there is a strong positive relationship between the OL and OI. It is sure that OL takes its part as a mediator between KI and OI

At last researcher can conclude that knowledge inertia hindered the organizational learning and organizational innovation in the organizations if it exists inside.

7.2 Recommendation
All the organizations should keep the knowledge inertia in lower level. It can be achieved through using different approaches to different problems and avoiding the dependence of old thinking, old knowledge and past experience.

Mean value for organizational learning is in high level based on the current study. Even though the organizations need to improve the organizational learning to its best because the higher the sharing of vision, the higher the commitment to learning and the higher the open mindedness promotes higher level of innovation and helps the organization for long survival.

Organizational learning can be increased (Rampersad, 2002) by,
- Creating conditions whereby people are willing to apply their knowledge, share and intensively exchange it with each other. And allow mistakes. Without mistakes there is no learning.
- Stimulate employees to formulate their own personal balanced Scorecard and through this cultivate positive attitudes toward improvement, learning and developing.
- Work with teams where team learning is central; teams that think and act from a synergetic perspective and are well coordinated, with a feeling of unity.

Organizational innovation also reveals the high level in private organizations. The fact that the individuals should welcome innovation and flexibility in administrative structure of the organization should be taught to the individuals.

The management of organization should break the old traditional structures of thought in people and explaining the necessity of changes in administrative structure for establishing administrative innovation.

The employees should foster an open and creative work environment to create the administrative innovation. Then the team of the employees should be motivated to cope with diversity. By promoting the innovative ideas by the team innovation of organization can be established.

7.3 Limitations of the Research
The major problem is the sample size which had to be restricted only to 200. If the sample size will increase it would be able to obtain results with a lesser sampling errors.

Another limitation involves the demographics of the sample of employees. The accessible sample was drawn primarily from a relatively small geographic area of the organizations. Large samples of respondents from multiple geographic regions may provide additional value, especially if used to compare and contrast with the present sample of private organizations.

The questionnaires used for this study is lengthy to get more accurate information and as a results the informants may have been reluctant and lazy to fill it and hence a great deal of time and energy had to be spent to get satisfactory level of response.

The scale used to measure the effectiveness was a 5-point likert scale. Instead, if 7-point scale were used, measurement that is more accurate would have been taken for each variable.

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