

## **A Study of Intrinsic Factors and Extrinsic Factors that Affect the Knowledge Absorption of Employee's in the Thai Automotive Industry**

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**Abstract:** The objective of this research was to investigate the intrinsic factors and extrinsic factors that affect the knowledge absorption of employee's in the Thai automotive industry. The study was conducted by the reviewing related literature and theories and holding a small group meeting with experts in the automotive industry to review the research model and factors obtained from this study. This research is only part of the main research that we are currently studying. The results from this research have led to the research model.

**Key words:** Intrinsic factors, extrinsic factors, knowledge absorption, automotive industry, research, employee's

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### **INTRODUCTION**

As a developing country and the strongest automotive production centre in Southeast Asia, Thailand is a target country for global expansion. More specifically, Thailand is one of the largest markets for one-ton pickup trucks and is also the world's largest production base for these vehicles. This is strong evidence that Thailand can provide a potential basis for domestic parts production. More evidence for this comes from the Thai Government and the private sector's readiness to support the automotive industry this is apparent from the launching of the Eastern Seaboard Industrial Estate in which most of the top auto part manufacturers have now set up their plants.

Due to increased competition in the global automotive industry, the Thai Government has had to concentrate intensely on its domestic industry. It has moved from defensive policies based on import restrictions and high tariffs to more liberalized policies and a regional approach. It is apparent then that government policy has a strong effect on the Thai automotive industry.

Therefore, resulting in the Thai automotive industry accelerating the development of the innovation potential of the organization in order to conform to the policy. Which is the result of the ability to absorb knowledge of employee's in the Thai automotive industry is still at a low level. Due to lack of internal and external motivation to

self-practice on their own and develop their innovation capabilities. Therefore, this research was aimed to study of factors that affect the knowledge absorption of employee's. In order to extend the results of the development of the innovation capability of employee's in the Thai automotive industry in the future.

**Research objectives:** To obtain a research model of intrinsic factors and extrinsic factors to that affect the knowledge absorption of employee's of the Thai automotive industry and to know the factors that affect the knowledge absorption of employee's of the Thai automotive industry.

### **Literature review**

**Intrinsic factors:** Intrinsic factors consist of reward motivation, recognition and career path. Reward motivation is that employee's recognize the rewards that will be received from the organization, if they can bring new knowledge to help improve the efficiency of the organization. Employee's will be encouraged to seek knowledge by themselves through practice with willingness to learn and get ready to use new knowledge to develop their work capability in order to achieve organizational goals (Ryan and Deci, 2000). Motivation can help motivate employee's to try improve their performance in exchange for rewards from performing tasks that meet the goals as well as to work with full dedication and effort (Cameron *et al.*, 2001). One of the

motivations that are often used in the organization to encourage employee's to search for knowledge by themselves is reward. According to Kehr (2004), a reward is what the organization gives to the employee's in return for their research while the organization expects results from the development of the work capability of employee's which may be money reward, salary adjustment and annual bonus. This reward will have an incentive for employee's to seek additional new knowledge to be used in developing their innovation capability (Cerasoli *et al.*, 2014).

Recognition is that employee's are dedicated to research until they can develop their capability to be accepted by their superiors, coworkers and own or different departments resulting in self-pride and motivation making them ready to learn and search for new knowledge continuously. This recognition can make employee's have self-confidence and try to seek knowledge to develop their work skills and creativity. It can sometimes be expressed in the form of praise, congratulation, encouragement or granting a certificate which is the self-motivation of employee's who are urged to seek knowledge by themselves and develop new work skills all the times resulting in the development of their innovation capability and leading to the recognition in the organization (Baron *et al.*, 1983).

Career path is that employee's recognize that the organization has set up a system to develop their career path as well as that employee's clearly see and recognize the growth of their own career path from the communication of the organization. Therefore, they are encouraged to strive to seek knowledge by themselves and develop themselves at all times through trial and error and application of knowledge in the organization resulting in the development of their own innovation capability. They will thus, feel that they are valuable and successful (Toffel, 2016). It can be expressed in the form that employee's are given more duties or higher job position. Career path can help motivate employee's to focus on working hard for the organization and seeking more knowledge to develop themselves continuously.

## **MATERIALS AND METHODS**

**Extrinsic factors:** Extrinsic factors that affect the knowledge absorption of employee's consist of organizational culture, transformational leadership good workplace atmosphere, Objective and Key Result (OKRs) and divergent thinking. Organizational culture is a form of employee behavior in the organization developed by members of such organization (Schein, 1992) which is a culture that has the same understanding within the

organization. It emphasizes that employee's constantly seek new knowledge. With this type of organizational culture, the organization's executives will focus on seeking knowledge by oneself and allowing employee's to seek knowledge through real practice and trial and error as well as will support employee's to bring new knowledge and ideas derived from self-practice to create a culture of creative thinking in the organization. Examples of successful organizational cultures that have been widely used are culture of real practice, culture of seeking new knowledge, culture of developing creativity, culture of creating new knowledge from problem solving and culture of continuous learning. The importance of organizational culture that affects self-practice consists of many elements, involvement means that members in the organization express themselves by participating in problem solving and collaboration enabling the organization to overcome obstacles and achieve success adaptability means an adaptation that is suitable for changes from the external environment that affect the internal environment of the organization consistency means that members in the organization can predict in advance about the roles, duties and work procedures, so that, the coordination is as expected and mission and vision mean the overall concept of the members that is developed to create the organizational culture in order to respond to the mission and vision based on the clear framework and direction of operations (Denison and Mishra, 1995). As mentioned above, organizational culture, therefore, affects the self-practice and development of innovation capability of employee's through real practice and trial and error leading to new knowledge that is beneficial to the organization. Thus, the executives should focus on creating an organizational culture that encourages employee's to learn by finding knowledge on their own.

Transformational leadership is the process by which the leaders or superiors in the organization influence the subordinates or employee's in such organization by changing the efforts of the employee's to be higher than those expected and developing the employee's ability and capability to a higher level. In addition, the leaders or superiors in the organization see the importance of seeking knowledge by oneself by aiming for employee's to learn from repeated work practices or trial and error. This transformational leadership can reflect the identity of the leaders in the organization that has direct influence on subordinates. It can be said that leaders who focus on reforming the organization to become an innovation organization will involve the creation and development of the employee's capability to make changes in a better way by allowing employee's to find and apply new knowledge

in the organization. In addition, transformational leadership will try to make employee's follow (Yukl and Lepsinger, 2005) by motivating employee's to seek knowledge and developing their innovation capability by themselves through the use of communication methods for employee's to realize and understand the organization's expectations and to develop themselves all the times and apply new knowledge in the organization. Moreover, transformational leadership motivates employee's to develop new ideas (idealized influence) uses communication to inspire employee's, encourages employee's to recognize problems and find solutions (intellectual stimulation) and assigns challenging tasks to the employee's (individual consideration). These methods are important to allow employee's to develop their capability through a search for new knowledge by real practice.

Good workplace atmosphere means the organization's environment that is directly and indirectly recognized by employee's in such organization and that influences the performance of employee's and also affects the behavior, feeling and attitude of employee's towards their organization which creates a motivation in acquiring knowledge by oneself and influencing work behavior of employee's. In addition, good workplace atmosphere can help push people to show their knowledge seeking behavior and creativity. One important aspect of good workplace atmosphere is that it will help motivate employee's to seek knowledge on their own and that it will affect the feeling of employee's who want to show their knowledge and ability to other people through a continuous search and application of new knowledge in their research. In addition, it also creates the employee's positive perception and attitude towards the organization because the positive perception of employee's will encourage them to perform tasks to achieve organizational goals and to work with higher efficiency and productivity.

Objective and Key Results (OKRs) is a method for setting goals of individuals consistently throughout the entire organization with the main objectives aimed to tell the goals of the organization at various levels that need to be achieved and that are challenging each person will have about 3-5 objectives in each quarter and 50% of all objectives are those proposed to the executives by employee's through brainstorming these objectives must be measurable, achievable, relevant and time-bound. In addition, they must be untouchable to avoid bias. OKRs are not always 100% achieved (Niven and Lamorte, 2016).

OKRs allow us to know what our main goals are. Because the organization has limited resources, a clear

framework must be established to not lose development opportunities as well as to create clearness and transparency. These goals must be disclosed to everyone in the company to know what the company's OKRs are where we are going and how progress has been made which will help to know what each employee is doing. Everyone must be able to access this information. Some organizations may use a dashboard or online tools such as Google Docs/Sheet for everyone to see the same image (Wodtke, 2016).

Therefore, OKRs will encourage employee's to find knowledge by themselves and apply such knowledge in their work to achieve the established goals because they participate in setting objectives and must find a way to achieve these objectives. As a result, they are required to find new knowledge, methods or ideas to use in their organization and to achieve the goals. It also helps develop the innovation capability of employee's who will perceive their own capability whether it is good or poor when compared to the previous period (De Mello, 2016).

Divergent thinking (or lateral thinking) is a new idea based on multiple, not single, perspectives or views, imagination, intuition, earnestness and flexibility (Torrance, 1998) or called out-of-the-box thinking. It is a freaky idea by looking at something in a strange perspective. It is based on the principle of dissatisfaction with things that are complicated or difficult. Rather, it mainly focuses on looking for easy and convenient ways and escaping from the same ways in order to obtain new and easy work guidelines and satisfactory results. According to Addiset *et al.*, divergent thinking is not a gift or talent given to a person by the heaven; rather, it is a feature that is inherent in a person that may be much or less in each individual who expresses it out at a different level. In addition according to Torrance (1998) and Wallach and Kogan (2010), there are many factors causing a person to have divergent thinking and first of which is initiation with no fixed frame. It is involved with freedom of thinking resulting in the development of knowledge. In some cases, a divergent thinking is extended to a greater extent with no repetition that can be used to solve various problems. Similarly, Davis believes that the process of divergent thinking is a skill that can be developed and stimulates the brain to create new ideas that are simple, natural and effective.

**Intrinsic factors and extrinsic factors to knowledge absorption:** According to the review of literature, supporting the influence line from intrinsic factors and extrinsic factors to knowledge absorption of employee's, Gureckis and Markant (2012) summarized that intrinsic

factors and extrinsic factors can help employee's focus on finding useful new and various knowledge to use in their research and this knowledge will influence directly to the knowledge absorption of employee's. Phalaunnaphat found that intrinsic factors by employee's plays a critical role in the present. By searching for knowledge through the use of their own experience, the employee's will obtain greater understanding and knowledge resulting in knowledge absorption. Similarly, Chen *et al.* found that extrinsic factors is a skill development and can encourage learning and create new knowledge that influences knowledge absorption. Boyer *et al.* (2014) agreed that as employee's learn and search knowledge by themselves, it can lead to their performance improvement which directly influences knowledge absorption of employee's.

**Knowledge absorption:** Knowledge absorption is usually as a firm's ability to absorb scientific or technological information which could be applied to production and come up with valuable commercial knowledge or innovation. Discussing absorptive capacity, Zahra and George (2002) explained how the integration of absorptive capacity with company experience can aid a firm in terms of strategic flexibility, innovation and performance. However, the ability to knowledge absorption can help employee's in various organizations to be able to apply knowledge through learning to create innovation in the organization. Only need to know what factors will contribute to the knowledge absorbing of the employee's in the organization.

## RESULTS AND DISCUSSION

The results of the study and the literature review mentioned above can be synthesized as research model of this research and can reveal the factors that affect the knowledge absorption of employee's of the Thai automotive industry as shown in Fig. 1.

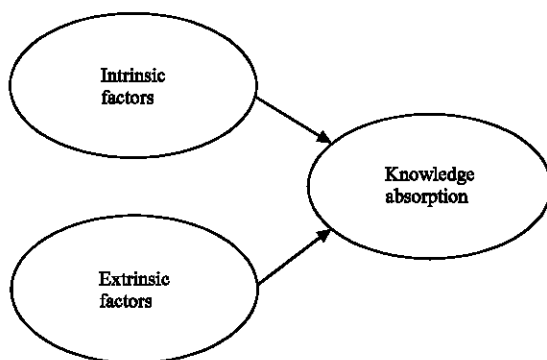


Fig. 1: The research model

From the results of the study and the literature review mentioned above, the factors that affect the knowledge absorption of employee's can be divided into two types intrinsic factors that consist of reward motivation, recognition and career path and extrinsic factors that consist of organizational culture, transformational leadership, good workplace atmosphere, Objective and Key Results (OKRs) and divergent thinking. These factors can also, affect the knowledge absorption of employee's in the automotive industry.

## CONCLUSION

According to, the research results, the factors that affect the knowledge absorption of employee's can be divided into two types) intrinsic factors that consist of reward motivation, recognition and career path and extrinsic factors that consist of organizational culture transformational leadership, good workplace atmosphere, Objective and Key Results (OKRs) and divergent thinking.

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