Knowledge Management in Digitalization: Transforming the Creative Industry

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Abstract. This research aims to present a systematic literature review on the influence of digitalization on knowledge management in the creative industry. To grow stronger and be able to compete, businesses need knowledge. Knowledge Management (KM) is an important field that explains how information is produced, developed, maintained and used in organizations or companies and encourages learning from the past and creating innovation. Digital transformation can be said to be one of the challenges faced by organizations, but it is also important for organizations to develop their business models and redefine their value creation strategies. To address this problem, this study aims to conduct a literature review of 10 journals published in 2017-2023. The results of the literature review show that the knowledge management process in the creative industry is helped by digital transformation. knowledge that needs to be stored and shared in the creative industry needs to optimize human elements, processes and technology. It is suggested that further research can deepen the theoretical understanding of the relationship between knowledge management, digitalization, and innovation in the creative industry. Further research can develop a more comprehensive and specific theoretical model for the context of this industry and can be applied by practitioners.
Keywords: Knowledge Management, Digitalization, Creative Industry

1 Introduction

The 20th century witnessed a major revolution in information administration, supported by the last few years by many studies that contributed literature to provide a useful integration between knowledge management (KM) and Industry 4.0 during the era of digital transformation. Research on creative industries has become the focus of researchers with a higher focus on the dynamics and distinctiveness that characterize the field [1]. It is known from research conducted by Ginting et al., (2020) that the United Nations Educational, Scientific and Cultural Organization (UNESCO) states that one of the fastest growing industries in the world is the creative economy and is considered very transformative in terms of export earnings, job creation and income [2].

In Indonesia, the creative industry is described as a business that results from the talent, expertise, and originality of individuals to create a work that forms jobs and supports welfare through the development and use of the innovative power and creativity of the workers [3]. Data from Indonesia's Creative Economy Agency (BEKRAF) indicate that creative economy sector of the creative business sector showed strong growth potential in 2024, contributing around 1.300 trillion Rupiah to GDP Indonesians [4]. To grow stronger and be able to compete, businesses need knowledge. The importance of knowledge and information to economic growth has been recognized worldwide [5]. As [6] one thing that helps to create innovation is organizational involvement in sharing knowledge.

Knowledge Management (KM) is a new method for discovering and organizing specialized knowledge for efficient retrieval and reuse. A company needs to manage knowledge both internally and externally, with diverse stakeholders. The goal behind knowledge management

is to provide value to the company from the knowledge held by its members. With KM, organizations can understand the value of knowledge and how to move from individual knowledge to corporate knowledge to ensure their companies grow sustainably [7]. The creative industry faces obstacles in implementing effective knowledge management because it does not optimally involve personal knowledge, work processes, and mastery of technology to complete work, which are important elements of knowledge management [8]. Knowledge management (KM) is a combination of several principles, namely information technology, organizational behavior, and human resource management. Currently, modern businesses need knowledge management because it will help learning, growth, innovation, and institutional success [9].

Today's business processes are increasingly characterized by the role of digital technology, such as how organizations manage customer experiences and manage operational efficiency [10]. Digital transformation can be said to be one of the challenges faced by organizations, but it is also important for organizations to develop their business models and redefine their value creation strategies. Digital transformation has a holistic impact on organizations. The emergence of new digital technologies is changing the nature and form of knowledge assets that support organizational value and the process of accessing, assessing and managing knowledge resources to define core competencies, and dynamic capabilities of the organization [10]. According to the above exposure, the authors are interested in making research analysis of application of knowledge management systems in digitalization for the creative industry in Indonesia.

2 Literature Review

2.1 Creative Industry

The creative economy is a concept that places creativity and knowledge as the main capital in driving the economy of cities and even countries to become more positive and better [11]. In some cases, the increase in income from the creative industry sector is better than the increase in the country's economy as a whole. Creative Economy Study conducted by the United Nations Conference on Trade and Development (UNCTAD) in 2010 defined the Creative Economy as a collection of knowledge-based economic activities with cross-sectoral development and connectivity at the micro to macroeconomic level.

In Indonesia, data from the Ministry of Industry in 2023, notes that the creative economy sector contributes around 7.8% of the National Gross Domestic Product (GDP), proving the significant contribution of this sector to the country's economy [12]. Creative industries are often seen as drivers of innovation and contributors to a nation's overall competitiveness [8]. The creative industry is an industrial sector that relies on creativity, innovation, and knowledge as the main capital to create products and services that have added value. The creative economy covers various fields, such as art, music, fashion, design, culinary, etc. The creative economy is not only about aesthetics, but also about solutions, experiences, and emotions offered to consumers. There are three subsectors in Indonesia that have a large contribution, such as the culinary, handicraft and fashion subsectors [4]. According to the Indonesian Ministry of Trade in 2009, the creative industry is an industry that originates from the utilization of skills, creativity and talents possessed by individuals in creating welfare and employment. This industry focuses on empowering individual creativity and creativity.

According to Siregar, et al. (2017) the creative industry is defined as an industry that drives its value from the utilization of creativity, skills, and talents of individuals to create goods and services. In addition, the creative industry is characterized by its reliance on the innovative ability of individuals to generate new ideas and solutions, which is a major competitive

advantage in this sector [2]. Since the creative industry has become important for the economic development of the country, especially in Indonesia, it is important to improve its performance. A strategy that plays an important role in improving organizational performance is managing knowledge [13].

2.2 Knowledge Management

Knowledge Management (KM) is an important field that explains how information is produced, developed, maintained and used in organizations or companies and encourages learning from the past and creating innovation [7]. A business can benefit from collecting managed information from its assets by comparing the results, which can help it navigate a rapidly changing industry environment. Knowledge management is a systematic coordination in an organization that plays a role in managing human resources, followed by technology, processes, and organizational structures by using the experience and actions taken by the company for the continuity of organizational learning.

KM is a human activity process that handles knowledge and focuses on the processes and mechanisms for finding and sharing experiences with external organizations or stakeholders. KM involves systematically managing intellectual assets to maximize their value and leverage them for competitive advantage in organizational activities [14]. Successful knowledge management consists of three interrelated elements: people, processes, and technology [15]. There are two types of knowledge present in companies as follows:

1. Tacit Knowledge is the knowledge that primarily resides within the company. Tacit knowledge is something we know and experience but find difficult to articulate clearly and comprehensively. Tacit knowledge is very hard to transfer to others because it is stored within the company according to its competencies.
2. Explicit Knowledge is the knowledge and experience about "How To," which is described in a straightforward and systematic manner. A concrete example would be an operation manual for a machine or the explanations given by an instructor in a training program.

Creating, documenting, sharing and updating knowledge in an organization is the implementation of knowledge management. The company's main pillars that support the implementation of knowledge management will include leadership, learning, and technology, so that it becomes a culture of knowledge sharing in the organization [16]. Implementation of knowledge management has four steps[17];

1) **Create an organizational knowledge map.** The knowledge map they have will help organizations maximize each employee's knowledge to be utilized and developed. Companies need complete information about these valuable assets.
2) **Create an implementation plan.** including short-term strategy, medium-term strategy and long-term strategy which includes three components in value creation which include quality, efficiency and growth, with internal objective strategy.
3) **Develop a Creative Industry Knowledge Management Strategy Map.** Strategy Map Knowledge Management in the Creative Industry includes [16]:

   a. Knowledge Management is a strategy for managing the company's intangible assets, which include human capital (knowledge, skills and training) and organizational capital (culture, leadership, teamwork).

b. Human capital and organizational capital will always be related to the company's operational activities which include operations management, marketing management, HR management, efficiency management, and so on.

c. The vision and mission that have been determined must be the benchmark in which all components in the organization have been determined.

d. Balance score card measurement (financial aspects, customer aspects, internal process aspects, and learning & growth perspective) To see the success of implementing knowledge management

4) **Implement knowledge management in the organization or company.** Starting from creative industry players who are supported by related parties, then spreading it to all communities in the industry until the organization is able to utilize the application of KM and has become the culture and way of acting for every member, which is marked by the many innovative products.

3 Methodology

A systematic literature review (SLR) is a method for synthesizing scientific evidence to answer a specific research question in a transparent and reproducible way, accompanied by published evidence on topics related to the research and appraising the quality of this evidence. The goal of the SLR approach is to reduce the risk of bias and increase transparency at each stage of the review process by relying on explicit and systematic methods for study selection and inclusion, for assessing the quality of the research included in the study and creating objective summaries [18]. In this systematic literature review we follow the instructions and recommendations of Brereton, et al. (2007), defining the objective, defining the research question, searching and selecting papers based on pre-defined inclusion and exclusion criteria to answer the questions. SLRs are used for several reasons such as summarizing existing evidence to summarize empirical evidence about the benefits and limitations of a particular method, to identify gaps in current research to suggest areas for further investigation, and to provide a framework/background to appropriately position new research activities [19].

4 Result and Discussion

This review covers ten journals in Knowledge Management from 2017-2023 to understand the meaning, concept, continuity and identify gaps for future researchers. This study used systematic literature review (SLR) to clarify the concept of knowledge management to improve the process and results of the review in a transparently reproducible manner.

4.1 Knowledge Management

Knowledge is concluded as a mix of bounded values, appropriate information, and future knowledge that provides expected support for approaching and combining new information and encounters. Knowledge is assumed to be a core resource that supports the success of most companies. Knowledge is a mainstay for trying to build and maintain a company's competitive advantage because it facilitates the process of forming innovation [2]. Taherdoost & Madanchian, 2023 defines KM as the process of generating, disseminating, using, and managing an organization's information and knowledge. It involves systematically handling knowledge to ensure that it is created, shared, and used effectively within the organization to improve performance and decision making.

According to Prawira, et al., (2023) Knowledge management consists of three interrelated elements: people, processes, and technology. The transformation of tacit knowledge (personal knowledge and experience) into explicit knowledge (documented and easily shared knowledge) is essential to foster collaboration and improve organizational performance. The role of humans in this element is to provide the knowledge they must create explicit knowledge that can be documented and shared within the organization. In sharing their knowledge, individuals need an established work process that helps utilize individual knowledge effectively, ensuring that knowledge is used in the process that occurs. To create an established process, another important element is assisted by technology that serves as an important driver for knowledge management, facilitating the transfer, storage, and communication of knowledge [8].

Knowledge management involves the systematic handling of knowledge assets to enhance organizational performance. In arts and crafts organizations, where products are primarily handmade, the tacit knowledge of craftsmen is crucial for success and competitive advantage [8]. Shahzad et al., 2020 reveals that the knowledge management process leads to innovation that influences the sustainable performance of the company and its entire construct (environmental, economic and social). Knowledge management creates an environment that allows cross-functional employees to train and cultivate their influencing knowledge skills to create innovation and organizational performance [21]. Knowledge sharing activities have a significant impact on employee creativity, employee in an organization it is advisable to continue to depend on the acquisition of knowledge of colleagues (skills and experience) or utilize explicit information that is already available within the organization to carry out new tasks in order to remain creative [22].

4.2 Knowledge Management Challenges

In managing knowledge, organizations will face several difficulties. Resources are needed to implement effective KM practices, human resources and financial resources. Durst et al., (2023) explained organizations often lack the resources and expertise needed to implement knowledge management practices effectively [14]. The lack of resources available will make it difficult for an organization to access, share, and use the knowledge they have, resulting in missed opportunities and decreased productivity. In addition to the lack of resources, another organizational barrier is lacking the necessary expertise or experience in the process of managing knowledge, this lack of expertise can hinder their ability to develop and implement KM strategies effectively and thus prevent organizations from leveraging their intellectual assets for competitive advantage.

Large organizations will have more difficulty sharing knowledge than smaller organizations. Ensuring effective knowledge sharing among employees can be challenging. There is a need to connect individuals who have knowledge with those who need it, which can be hampered by silos within the organization [23]. Erceg & Zoranovid, (2022) also said that organizations that are not ready with their systems are also the reason for knowledge management obstacles [23]. The system must be user-friendly, flexible, and efficient in searching and visualizing data. Poorly designed systems can lead to underutilization and ineffective knowledge management.

In facing the challenges of knowledge management, communication needs to be realized not only as an opportunity to achieve greater operational efficiency during the innovation development process but also to create further conditions. communication will ensure the introduction and spread of innovation. symbolic interactions between organizations and stakeholders related to products, services, technologies, and creative ideas [6]. Kolyasnikov &

Kelchevskaya (2020) in their course of the study, identified factors that affected the success of knowledge management. One of them is the level of maturity of an organization which can start from creating a strategic vision and mission in facing different tasks and requiring different types of knowledge [24].

4.3 Knowledge Management and Digitalization

Knowledge management (KM) is a critical process for organizations, focusing on the creation, sharing, and utilization of knowledge to enhance performance and competitive advantage. The evolution of KM has been significantly influenced by advancements in technology, which offers new tools and methodologies for managing knowledge effectively [7]. New technological developments are becoming increasingly relevant as many competitive opportunities emerge, and knowledge management is becoming a key business process. From research conducted by Kolyasnikov & Kelchevskaya, (2020) it was found that companies that tried to change their business models through the introduction of Industry 4.0 technology, they all received economic and social impacts [24].

Prawira, et al., (2023) explained creative industries benefit from digital transformation because they rely heavily on innovation and rapid idea generation. Humans are a central element in the KM process, acting as generators and disseminators of knowledge. But digitalization puts humans side by side with other important elements, when humans are at the heart of the KM process, technology serves as an important backbone that increases the efficiency, accessibility, and effectiveness of knowledge management practices in the digital era [8].

In a creative industry, what needs to be supported is the creation of innovation, increasing efficiency, and maintaining competitive advantage in the digital era. With digitalization, it will improve the process of acquiring, sharing, and utilizing knowledge in the organization [8]. With digitalization, accessibility will also increase. This supports the transfer of knowledge from tacit to explicit and vice versa, thus encouraging the creation of a continuous learning environment in the organization. Integrating technology into KM practices helps organizations become more productive by streamlining processes and reducing the time it takes to find and utilize information. These efficiencies can lead to better decision-making and innovation [3]. Apart from the benefits of digitalization that are felt in the organization's internal knowledge management process, digitalization also plays a role in strengthening relationships with buyers and suppliers by utilizing the advantages of digitalization, such as selling via social media which is part of current sales planning [24].

4.4 Knowledge Management in Creative Industries

KM is essential in the creative industry as it enhances innovation, collaboration, and efficiency while preserving valuable intellectual capital. In a study on the impact of knowledge management on the creative industry, Ginting et al., (2020) explained that KM facilitates the generation and sharing of new ideas, leading to increased creativity and innovation [2]. By effectively managing knowledge, organizations can develop original products, services, and business strategies that meet changing consumer demands. Another study conducted by Ginting, et al., (2020) stated that effective knowledge management allows organizations to leverage their unique knowledge assets, which are often difficult to imitate [2]. This exclusivity can result in a competitive advantage in the market, allowing companies to differentiate themselves and achieve higher profit margins.

The creative industry has a relatively fast pace of work, KM encourages a culture of collaboration among employees, allowing them to work together more effectively [2]. Latilla et al., (2019) said KM also impacts the internal organization, and KM will simplify processes by reducing redundancy and improving information flow [13]. This efficiency allows creative teams to focus more on innovation and reduce repetitive tasks, which ultimately increases productivity. It is not only the internal organization that benefits from effective KM processes. By leveraging knowledge to understand customer needs and preferences, organizations can improve their offerings and enhance customer service. This leads to higher customer satisfaction and loyalty, which are critical to success in the creative industries [2]. Organizations that effectively manage their knowledge can respond more swiftly to market changes and customer preferences. This agility allows them to adapt their offerings and maintain relevance in a rapidly evolving creative industry [13]. Knowledge management has many positive impacts and supports organizations moving forward to have a significant impact on organizational sustainability [25].

5 Conclusion

In conclusion, knowledge management (KM) is a fundamental component for fostering innovation, sustaining competitive advantage, and enhancing organizational performance. These benefits collectively contribute to the long-term success and sustainability of organizations in this dynamic sector. Both internal and external to the organization will benefit from a successful knowledge management process. Effective KM hinges on the interplay of people, processes, and technology, facilitating the transformation of tacit knowledge into explicit, shareable insights. However, implementing KM comes with challenges, including resource limitations, expertise gaps, and the need for effective systems to support knowledge sharing. Digitalization plays a vital role by enhancing KM practices, increasing accessibility, and supporting continuous learning. Ultimately, KM empowers organizations to innovate, build customer loyalty, and achieve sustainable growth by leveraging their knowledge assets in dynamic, knowledge-driven industries. Organizations that effectively integrate digital tools into their KM strategies are better positioned to leverage their knowledge assets, drive innovation, and maintain competitive advantage in an increasingly digital world.

The limitation of this research is that it was conducted in a short period of time, which limits the researcher's ability to collect data in depth and comprehensively. This can affect the accuracy and depth of the information obtained by the researcher. Limited time can increase the risk of researcher bias in the process of data collection and analysis. It is recommended that further research can deepen the theoretical understanding of the relationship between knowledge management, digitalization, and innovation in the creative industry. Further research can use more diverse research methods, such as case studies, quantitative surveys, and experiments, to obtain richer and more valid data. Diverse methodological approaches can provide deeper and more holistic insights. With in-depth theory and surveys, it can create an intervention or program that can support related matters.

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