

## **ABSTRACT**

Knowledge-based View (KBV) is a subset of Resource-based View (RBV), which focuses on utilising a firm valuable, inimitable knowledge, skills and capabilities to enhance performance of the firm, thus gaining competitive advantages for the firm. Knowledge innovation provides new theories and methods for revolutionizing a firm's direction.

Knowledge-based View has been adopted in various industries and has recorded overwhelming results. However, construction industry still remained as an unexplored area of Knowledge-based View. Construction firms that are experiencing increasing competitions due to the globalisation and consolidation of the industry required an established and effective system such as Knowledge-based View to maintain its competitiveness.

This research focuses on the study of application of knowledge-based approach to innovation for construction firms in Malaysia. The study was conducted via semi-structure interviews with various construction firms based in Klang Valley, Malaysia. The findings shown that most of the construction firms in Malaysia have identified knowledge transfer as an important element for innovation and at the same time gaining the firm competitive advantages. Trust based permanent network is extremely important in establishing long term strategy and enhancing innovation performance of the firm.