



Exploring the role of knowledge management practices on exports: A dynamic capabilities view



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ABSTRACT

Drawing on dynamic capabilities view, this work provides empirical evidence on the role of knowledge management practices on export intensity in SMEs in a mature and global, non-high-tech industry. A quantitative study with structural equation modeling was carried out on a sample of 157 Spanish and Italian manufacturing companies in the ceramic tile industry. Our results suggest the existence of a mediating effect of dynamic capabilities on exports, hence the implementation of knowledge management practices is a necessary but not sufficient condition to improve exporting, requiring the existence of dynamic capabilities to reconfigure these capabilities. Findings highlight the relevance of knowledge practices to foster exports, providing new insights for managers dealing with dynamic capabilities in SMEs.

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1. Introduction

Knowledge management and learning processes have become a major factor for achieving long-term competitive advantage and for international success. In the export market literature, market knowledge management is considered to facilitate the achievement of higher performance and efficient responses to customers' needs and requirements (Cadogan, Diamantopolous, & Siguaw, 2002; Feng, Sun, & Zhang, 2010). Under turbulent market conditions, exporting firms moving away from existing knowledge bases and seizing for new market knowledge and opportunities are more capable to identify new trends and enter new markets successfully (Hughes, Hughes, Martin, Morgan, & Robson, 2010; Kudsen & Madsen, 2002; Lisboa, Skarmas, & Lages, 2013; Morgan, Katsikeas, & Vorhies, 2012). Dynamic capabilities help to deal with rapidly changing environments, considering the evolving nature of firms' resources and capabilities to adapt to changes in their environment (Lavie, 2006; Teece, Pisano, & Shuen, 1997; Tushman & O'Reilly, 1996).

While there is a general consensus on the theoretical importance of dynamic capabilities in this landscape, this arises several challenges for firms, especially for small and medium enterprises (SMEs), affected by the lack of resources to compete in areas such as marketing, production, innovation and international strategy. Dynamic capabilities in internationalization have been

recently addressed by scholars since the foundation of the international ambidexterity literature (Hsu, Lien, & Chen, 2013; Luo, 2002; Luo & Rui, 2009; Prange & Verdier, 2011). Even so, little is known about the potential impact of knowledge management systems on one of the most popular entry modes. This is particularly noticeable in some specific contexts: whereas recent works (for instance, Hsu et al., 2013; Keen & Wu, 2011; Luo & Rui, 2009) analyzed its role within the context of foreign direct investment (FDI) from emerging countries, we still lack empirical research on knowledge management capabilities in the context of export strategy.

In practice, the first real step in SMEs' internationalization process usually consists in exporting (Jones, 2001). Exporting entails operating in a market characterized by geographic and psychic distance, in which firms need to deal with new competitive rules in a different cultural, economic or political environment: distribution channels, local rivalry and businesses practices, customer tastes or legal aspects are among the main hitches they have to face. As export activity also generates advantages for the learning process of the company (Crespi, Criscuolo, & Haskel, 2008), developing practices to codify, storage and use basic and specific knowledge on foreign markets therefore becomes a first order task. Indeed, in spite of its importance for sustainable competitiveness, in most SMEs there is an absence of systematic knowledge management (Wong & Aspinwall, 2005). Yet, the existence of a knowledge management structure is not a sufficient condition for sustainable value creation. Current research aiming to enhance SMEs' international competitiveness should then respond to the practical question of which knowledge practices can be implemented to increase export performance.

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Our interest is on the study of knowledge management processes of those SMEs mainly internationalized through export ventures. We formulate our theoretical framework basing on [Alegre, Sengupta, and Lapiedra \(2011\)](#) conceptualization of knowledge management practices, adapted to the export view. We analyze knowledge management by using a series of Knowledge Management Practices and Knowledge Management Dynamic Capabilities that might impact on export intensity. We depict the effect of knowledge management dynamic capabilities in practice for international companies from two leading countries competing in a global and fragmented industry: Italian and Spanish ceramic tile producers. In this context where firms need to constantly reconfigure their knowledge stock about foreign customers and institutions possibilities to grow are highly limited, so we attempt to offer guidance on knowledge management to enhance export activity. International firms operating in these types of industries should then create an ambidextrous structure (i.e., exploration and exploitation processes) to use their current capabilities while also searching for new resources ([Levinthal & March, 1993](#); [Tushman & O'Reilly, 1996](#)).

We provide three main contributions to the literature: (1) we offer empirical evidence regarding knowledge management practices in a mature, medium knowledge-intensive industry. Studying knowledge management still presents a significant challenge, since it is necessary to properly define its scope and operationalization. We postulate a wider perspective by applying knowledge management constructs to analyze the role of knowledge dynamic capabilities; (2) we apply the international ambidexterity framework to the case of exporting companies, a stream of research that has largely focused in FDI; (3) in contrast to recent literature on exports from dynamic capabilities view (for instance, [Morgan, Katsikeas, & Vorhies, 2012](#)), by using a second order construct for knowledge management we can better untangle their components and key issues in order to improve export performance. We measure second order capabilities, thus overcoming some of the limitations of secondary data studies addressing dynamic capabilities. Moreover, we focus our study in the context of SMEs, a field where research on knowledge management is still fragmented and quite limited ([Durst & Edvardsson, 2012](#); [Wong & Aspinwall, 2005](#)).

This paper is structured as follows: we first review the theoretical background focusing on knowledge management processes and dynamic capabilities in the context of exports. We then develop our research model and hypotheses and provide empirical results from our quantitative study. Finally, we discuss these findings and the implications for both academics and managers in SMEs.

2. Theoretical background

Resource-based view (RBV) and Knowledge-based View (KBV) have been widely used to explain the internationalization of businesses, especially in the context of exports ([Dhanaraj & Beamish, 2003](#); [Katsikeas, Leonidou, & Morgan, 2000](#)). By considering organizations as a set of tangible and intangible unique resources, RBV tries to explain why an organization can outperform others ([Barney, 1991](#)), whereas KBV focuses on knowledge as the most valuable resource in the company ([Grant, 1996](#)). Yet, the static approach of this perspective prompted it to evolve into a more dynamic view. Dynamic capabilities View (DCV) complements the findings on export behavior research, as it can embrace export performance as well as internationalization processes ([Kudsen & Madsen, 2002](#)).

Knowledge is the central element in the learning process, which consists of the acquisition, integration and exploitation of knowledge ([Cohen & Levinthal, 1990](#)). Knowledge management is essentially the creation and application of knowledge as a resource ([Grant, 1996](#)), whilst learning is a process of acquisition, assimilation, and exploitation of this knowledge ([Cohen & Levinthal, 1990](#)). In this sense, we can identify two intermediate stages between organizational learning capability and organizational performance: (a) knowledge management processes and organizational learning as the output and (b) dynamic capabilities. Our model analyses these dimensions in the context of exports ([Fig. 1](#)).

Knowledge management systems support the creation, transfer and application of knowledge in organizations ([Alavi & Leidner, 2001](#)). Knowledge management systems collect these abilities and the know-how sustaining the foundations of distinctive activities ([Alavi & Leidner, 2001](#)). Therefore, Knowledge Management Practices (KMP) are considered organizational routines ([Nelson & Winter, 1982](#)) oriented towards its exploitation. In short, efficient KMP deals with the application of knowledge: it facilitates the development of routines and capabilities, given that even if a firm can afford different resources, effective KMP will be needed to better exploit them. [Alegre et al. \(2011\)](#) consider two main KMP: knowledge dissemination and storage practices. The former deals with the application, while the latter entails the systems to retrieve relevant knowledge in the organization.

Knowledge Dissemination Practices (KDP) includes those processes that enable the application of knowledge through formal and informal channels ([Zahra & George, 2002](#)). This valuable knowledge is then distributed both inside and outside the firm. These include systems to codify tacit into explicit knowledge, as in many cases, ineffective knowledge transfer arises

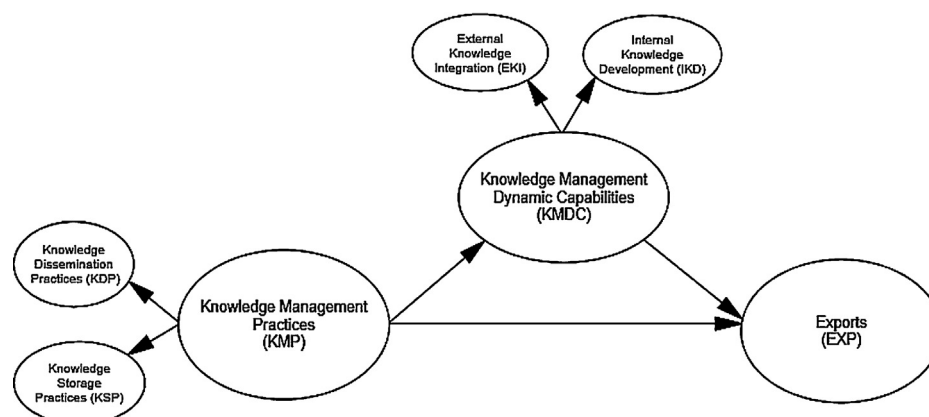


Fig. 1. Conceptual model.

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