



Contents lists available at ScienceDirect

Journal of Business Research



Where to acquire knowledge: Adapting knowledge management to financial institutions[☆]

Gary Castrogiovanni^{a,*}, Domingo Ribeiro-Soriano^b, Alicia Mas-Tur^b, Norat Roig-Tierno^c

^a Florida Atlantic University, Boca Raton, Fleming Hall (FL-24), United States

^b Universitat de València, Departamento de Dirección de Empresas, Avenida Tarongers, S/N, 46022 Valencia, Spain

^c ESIC Business and Marketing School, Av. de Blasco Ibáñez, 55, 46021 València, Spain

ARTICLE INFO

Article history:

Received 1 February 2015

Received in revised form 1 July 2015

Accepted 1 September 2015

Available online xxxxx

Keywords:

Knowledge management

Financial entities

Analytic hierarchy process (AHP)

Human resources

ABSTRACT

This research seeks to determine which sources of knowledge have the greatest effect on financial entities' knowledge acquisition and management. A review of the literature on knowledge management examines four key knowledge sources: Human resources, organizational management, technology adoption, and the business environment. The study performs pairwise comparisons of variables through the analytic hierarchy process (AHP), using a scale that captures the importance of each criterion, thereby simplifying the decision process. Results show that human resources and new technology adoption are the most effective sources of knowledge acquisition and management. Specifically, one of the most effective elements is the organizational members' reasoned knowledge (i.e., the ease with which organizational members draw conclusions from their tasks).

© 2015 Elsevier Inc. All rights reserved.

1. Introduction

Information development in the 21st century is so big that people nowadays talk of the digital age and the knowledge society. The handling of knowledge is now part of the field of organizational studies, which leads to modifications in the handling of knowledge and gives rise to “knowledge management” (Lin & Lee, 2006; Lundvall & Nielsen, 2007).

Knowledge management plays a fundamental role in the success of an organization's activities and strategies. Conversely, if organizations fail to consider knowledge management, they may miss business opportunities. Therefore, one of the most important factors any business must consider is knowledge management (Von Krogh, 2009). Organizations have a special interest in acquiring knowledge but must be aware that knowledge is the result of culture, structure, and strategy because knowledge creation and use depends on the organization's values and norms (Nonaka, Toyama, & Konno, 2000).

Several knowledge sources exist. Díaz (2013) cites the following knowledge sources: Human resources, organizational management, technology adoption, and the business environment. The success of knowledge is a result of three factors: Changes that the organization

makes to internalize this knowledge, relations among employees, and organization-driven development (Skyrme & Arnindon, 1997).

This study analyzes these four knowledge sources in European financial entities. The financial system allows its study from three perspectives: (a) that of the institutions that form the financial system (including financial authorities), (b) that of financial assets, and (c) that of the markets that operate within the system. This study focuses on the first perspective (i.e., the institutional perspective). This study uses the analytic hierarchy process (AHP) (Saaty, 1980) to rank elements relating to financial entities' knowledge acquisition.

After this introductory section, Section 2 reviews the latest literature on knowledge acquisition and management. Section 3 introduces the AHP method and present results from a survey to (a) managers of renowned financial entities and (b) university faculty. Section 4 discusses the conclusions, the study's limitations, and future research opportunities.

2. Theoretical framework

Knowledge management plays a fundamental role in the success of organizations' activities and strategies, resulting from organizational changes, innovation, employee relations, and organization-driven development (Skyrme & Arnindon, 1997). Nevertheless, if organizations take cost-saving shortcuts to manage knowledge without acknowledging the importance of the knowledge itself, the organization paradoxically generates new costs, and the service will not achieve optimum financial performance (Darroch, 2005).

[☆] The authors thank Francisco Mas-Verdu for the comments and suggestions on this research.

* Corresponding author.

E-mail addresses: Castrogi@fau.edu (G. Castrogiovanni), domingo.ribeiro@uv.es (D. Ribeiro-Soriano), alicia.mas@uv.es (A. Mas-Tur), norat.roig@esic.edu, noratroig@gmail.com (N. Roig-Tierno).

Businesses operate in a knowledge economy, and they must therefore learn to work like knowledge-based organizations (Drucker, 1993; Holsapple & Singh, 2000). Accordingly, knowledge management strategy refers to the systems and processes—including technology, know-how, expertise, and skills—that transfer knowledge between individuals or groups. The challenge in developing knowledge management strategies is to determine how to codify and transfer explicit and tacit knowledge within the organization (Lin, 2011).

Knowledge management activities are processes that require the use of organizational knowledge to meet current and emerging needs, identify and exploit existing knowledge assets, acquire new knowledge assets, and develop new business opportunities (Jarrar, 2002). Therefore, knowledge management is an administrative innovation—a new discipline building on the identification of a series of management activities (e.g., creating, acquiring, exchanging, and using knowledge) that allow organizations to maximize output by using members' skills and experience (Lundvall & Nielsen, 2007; Scarbrough, 2003).

Studies on knowledge management traditionally focus on a specific part of the organization (Lee & Choi, 2003). Authors focus on the exploration of antecedents of knowledge management in a certain business area. This approach lets scholars study both organizations in this area of the business and organization of the business in general. Lee and Choi (2003) examine cultural, structural, and technological aspects of organizations because these aspects directly associate with knowledge management.

2.1. Ways of acquiring knowledge

After reviewing the general literature on knowledge management, the study now focuses on different sources of knowledge within organizations—in this case, financial entities—that help organizations manage knowledge. Knowledge management is a systematic and integrative coordination process within organizations (Rastogi, 2000). This study therefore examines knowledge acquisition via each of these knowledge sources. Koskinen (2004) reports that distinguishing between the roles of explicit and implicit knowledge within the organization is especially relevant. Thus in his study, he points out that language, trust between an organization's members, and proximity relations play important roles in knowledge management. In particular, proximity relations refer to employees' awareness of colleagues' knowledge and the availability of this knowledge to help employees solve specific problems or perform their functions (Pereda-Marín, Berrocal-Berrocal, & López-Quero, 2010).

This research groups knowledge resources into four broad groups using Díaz's (2013) classification despite the existence of different knowledge sources. These groups are human resources, organizational management, technology adoption, and the business environment. Each of these four sources comprises sub-groups that other authors use in their research (Koskinen, 2004; Rastogi, 2000). This study divides these knowledge sources in accordance with the way the organization can acquire knowledge.

2.1.1. Human resources

Human resources account for a large part of the organization's knowledge in terms of the values, capabilities, and experience of the organization's members (Díaz, 2013). Within this human resource-based knowledge, three types of knowledge exist (Holsapple & Singh, 2000).

Holsapple and Singh (2000) separate the activities that organization members carry out when using knowledge resources into two levels. First, high-level activities refer to experimentation and decision-making through the collection and analysis of knowledge within the organization. Second, elementary-level activities refer to the processes whereby organizational members acquire, select, internalize, and use knowledge. When organizational members select knowledge, they individualize and organize new knowledge within the organization's

existing knowledge structures. Internalizing knowledge refers to the process whereby organizational members assimilate and internally distribute already acquired and selected or generated knowledge. Internalizing knowledge usually implies structural changes of knowledge resources within the organization. Finally, use of knowledge refers to when organizational members apply their knowledge.

Through knowledge management, organizations have the opportunity to generate new ideas and develop new business opportunities via their members' socializing and learning (Lin, 2011). Holsapple and Singh (2000) distinguish between three types of knowledge: Descriptive knowledge (know-what); procedural knowledge (know-how); and reasoned knowledge (know-why). Know-what refers to knowledge that draws on descriptions of cases or situations. Through this type of knowledge, individuals can describe the state of something. Know-how refers to step-by-step specifications for completing a task. Know-why refers to establishing conclusions from each particular situation.

2.1.2. Organization

Numerous authors have reported that an organization's knowledge is created within the organization itself (Fong, 2005; Koskinen & Pihlanto, 2008; Love, Fong, & Irani, 2005). Thus, the organization creates knowledge through its own practices.

Among the organizational sources that organizations can use to motivate individuals are culture, structure, management style, individual and group learning, processes, and technologies. Through all these relations, organizations hope to convert tacit knowledge into explicit knowledge. Once structured, knowledge repositories enable organizational members to access and use this knowledge so these members can assimilate and adopt that knowledge. Organizations can therefore encourage informed minds, awaken a sense of broader, better-reasoned analysis, and enable knowledge creation (Schindler & Eppler, 2003).

Accordingly, this study observes that knowledge acquisition through the organization strongly relates to knowledge from human resources. To distinguish clearly between the two sources, however, this study focuses on management style as a means of acquiring knowledge.

Management style and business culture can distinguish one business from another, and reflect in the way businesses confront management problems and opportunities, and the way businesses adapt to external and internal changes and requirements. Organizational knowledge is part of a business's new capital. Hoarding knowledge is no longer a symbol of power (Nieves-Lahaba & León-Santos, 2001). Knowledge management allows managers to observe when knowledge becomes part of the business culture. In other words, this study understands business culture as the flexible capability to agree on what happens within the business and its environment to manage the business as a whole in accordance with its strategic objectives.

The psychologist Lewin (1978) highlights three leadership styles that remain the most common leadership styles in organizations: Autocratic (whereby the leader alone establishes rules and guidelines), democratic (whereby the group debates and collectively takes decisions), and laissez-faire (whereby the leader gives all group members the freedom to take decisions). Organizations must align leadership style and knowledge management. To do so, organizations must establish processes through which they capture, record, and spread knowledge (Seguí-Mas, 2008).

2.1.3. Technology

Jeppesen and Frederiksen (2006) claim that computer software aids connections between people, thereby providing solutions to financial problems and tools to carry out tasks. Thus, the use of software allows more effective knowledge management. In addition, because of the growing use of social software, knowledge management is more widely and easily accessible (Nonaka & Von Krogh, 2009).

Download English Version:

<https://daneshyari.com/en/article/10492784>

Download Persian Version:

<https://daneshyari.com/article/10492784>

[Daneshyari.com](https://daneshyari.com)