

12th International Strategic Management Conference, ISMC 2016, 28-30 October 2016, Antalya, Turkey

An empirical study of the relationship between knowledge management practices and strategy formulation capabilities

Bozkurt Kağan Aktürk^a, Mustafa Kurt^b, a*

^{a,b} *Yalova University, Yalova, 77400, Turkey*

Abstract

The aim of this paper is to identify the relationship between the knowledge management practices and the strategy formulation capabilities using an empirical research. To this end, a questionnaire form was sent to Top 1000 Big Companies of Turkey. Statistical analyses are employed based on the data gathered from 94 companies and findings of the research confirm the relationship between the knowledge management practices and the strategy formulation capabilities. According to the findings, it can be proposed that companies should pay more attention to the knowledge management practices to support the strategy formulation capabilities.

© 2016 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of the organizing committee of ISMC 2016.

Keywords: Knowledge management practices, Strategy formulation capability

1. Introduction

Knowledge management has become a popular subject in the literature since 1990, and many researches have been conducted so far. A number of studies ranging from knowledge management processes to critical success factors can be found in the literature in a wide perspective. Besides that, many empirical researches have been also carried out in different contexts to explain the relationship between knowledge management and some performance related issues. However, the effect of knowledge management on strategic formulation processes has generally been neglected so far. Therefore, an interesting question “Do the knowledge management practices have any effect on the strategy formulation capabilities?” has not a definite answer yet. This study is promising to fulfill this gap by empirical techniques. This empirical study first lays out a literature review about the concepts then provides detailed framework on research design, findings and conclusion.

* Corresponding author. Tel. +90-532-204-7557 fax. +90-226-815-54 69 Email address: kagan.akturk@yahoo.com

2. Literature Review and Hypotheses

There are many models for knowledge and knowledge management practices proposed by a number of institutes such as European Knowledge Management Form 2001 (Mesci, 2011:11). Even in the literature review, it has been accessed many classifications on knowledge management practices, defined conceptually by Gold, Malhotra and Segars, (2001), Soo, Devinney, Midgley and Deering, (2002:130), Barutçugil (2002:72), Desouza and Evaristo, (2003), Liebowitz, (2003), Akgün and Keskin (2003), Uzun and Durna (2008), Kianto (2008) (revised by Shi (2010)), Wang et al.(2012). For instance, even though Gold, Malhotra and Segars, (2001) define these processes as acquisition, conversation, application, and protection, Akgün and Keskin (2003) specify these practices as acquisition, storage, delivery, commitment, and application. In this study, the knowledge model improved by Kianto (2008) and revised by Shi (2010) is accepted as a base, because it is the closest one to our study among the other models, which has been formed by comparing and combining of all models, due to their similarity by the help of a matrix.

On the other hand, Zack (1999) proposed that how knowledge is linked to strategies, is more important than mere knowledge itself. In fact, the question, “how” in this proposition, forms the frame of the knowledge management practices. Soo, et. al. (2002:130) investigates knowledge management as a base of competitive advantage in a similar manner. Proving that, they confirm that there is a positive correlation between the business performance and the knowledge management practices, combination of knowledge creation, storage, organization and application (Soo, et. al., 2002; 130).

Authors such as Mitzberg (1973), Rapp (1973), Hart,(1994), Hard and Banbury, (1994), Slater, Olso and Hult, (2006), Veetil, (2008), Alpkın and Doğan, (2008) indicate that some processes tied to business strategies, effect business performance and completion (Sarbah, Otu-Nyarko, 2014). However, only decision procedures to formulate a strategy cannot explain the complex and changing nature of this view (Hart, 1994). The strategy formation capability is a comprehensive concept which comprised of: mission/goal clarity, situation analysis, comprehensiveness of alternative evaluation and strategy formation process. Mission encompasses organizational purpose, scope of market activities, and competitive distinctiveness. Situation analysis is concerned with the scope of the firm’s environmental scanning and organizational analysis. Comprehensiveness is concerned with the thoroughness with which alternatives are generated and evaluated. Finally, strategy formation process ranges from informal and emergent to formal and deliberate (Slater et. al. 2006).

2.1. Development of Hypotheses

It has been expressed by many authors such as Scarso and Bolisani (2010), Snyman and Kruger (2004) that original strategies for companies can only be formulated by the help of capabilities such as the accumulation of knowledge and resources. In this manner, Zack (1999) says that knowledge about environmental varieties and inner capabilities yield to solve decision problems and determine business opportunities (Sohrabi and Mirali, 2014). Nevertheless, this is the kind of knowledge that competitors have as well. In this concern, Sohrabi and Mirali, (2014) indicate that advantageous strategy formulation can actually be obtained by the help of innovative knowledge as a reaction to turbulences in a market. On the other hand, Zack (1999) says that strategies formulated by this kind of knowledge cannot sustain marketing advantages if knowledge is not produced internally, stored, shared, namely managed, therefore it can be imitated by competitors easily. That is why, the most important point to formulate a strategy providing competitive advantage is intensions and capabilities of which companies are used to manage knowledge organizationally better than their competitors as agreed by Erkut (2009:43) and Zack (1999). Correspondingly, Macmillan and Ihrig (2015) express that these capabilities improve strategy formulation capabilities simultaneously due to knowledge management activities. For example, Koza, (2008:17) expresses that business models and strategies can be formulated much easier by the help of knowledge management practices. In this way, Donoghue, Harris and Weitzman (1991) have concluded in their study that a strategy can yield profit maximization depending on a consistent and clear competitive advantage such as cost effectiveness and product positioning. On the other hand, knowledge management practices that companies place emphasis on, can change due to their internal structures, environmental factors and strategic goals. This change basically has an effect on strategy formulation capabilities. For example, Javernik-Will (2013) has discovered that teams working in civilization or real estate companies in whose markets have low turbulence rates, pay more attention to the socialization and organizational knowledge integration than the others. Yannopoulos (2011) proposes that Internet as a knowledge acquisition, production, sharing and product marketing channel, affects strategy formulation capabilities. Moreover same authors declare that some strategy formulation capabilities are more correlated than the others. For instance Snyman and Kruger (2004) say that there is a relationship

Download English Version:

<https://daneshyari.com/en/article/5126106>

Download Persian Version:

<https://daneshyari.com/article/5126106>

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