Successful Knowledge Management an Knowledge Sharing in Hungarian Enterprises

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SUMMARY

Some organizations failed to consider the relationship between knowledge management and organizational culture, and the cultural factors that impacted effective knowledge management initiatives. These organizations face challenges when implementing knowledge management initiatives. They should find ways to integrate knowledge management into their strategic vision, build a knowledge sharing culture that supports knowledge management and motivate employees to support these initiatives. The International Mapping of Knowledge Sharing Excellence Research has shown that there are differences in the maturity of knowledge sharing of managers within different culture types comparing the period before and during the crisis. It can be seen that it would be useful for Hungarian organizations to move towards an Adhocracy culture type, that concentrates on external positioning with high degree of flexibility and individuality and which results in a high maturity of knowledge sharing.
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INTRODUCTION

As Nonaka (1991:96) puts it "in an economy where the only certainty is uncertainty, the one sure source of sustainable competitive advantage is knowledge". This new economy, that is driven by globalization, rapidly changing information and communication technology, is characterized by Tapscott (1997:8) as follows: "It is widely accepted that the developed world is changing from an industrial economy based on steel, automobiles, and roads to a new economy built on silicon, computers, and networks…The new (digital) economy is a knowledge economy".

In order to maintain market position, to develop new products or technologies in this new economy, organizations need to exploit, develop, collect and share organizational knowledge effectively and efficiently (Gaál et al. 2008). The knowledge management and knowledge sharing have an important feature: it stays in the organizations long after the employees leave it. Thus the leaders of an organization should be aware of this and recognize that the old paradigm "knowledge is power" cannot exist in these days any more. Accordingly, the leaders ought to find ways to motivate, encourage colleagues to achieve the new paradigm of the XXI.

century which is "sharing knowledge is power" (Csepregi 2008). Knowledge management and knowledge sharing will become realistic in an organization if employees who work there understand that sharing can support them in retaining their jobs, doing their jobs more effectively and helping their personal development (Gaál et al. 2008).

It is crucial to be aware of the concept of knowledge, before dealing with the different knowledge management and knowledge sharing approaches.

Knowledge is considered by Sveiby (1997:37) as "the capacity to act". Brooking's (1999:5) view of knowledge is that it is „organized information together with understanding of what it means". According to Davenport and Prusak (1998:5) knowledge is "broader, deeper, and richer than data or information". They offer the following "working definition" of knowledge: "Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of knowers. In organizations, it often becomes embedded not only in documents or repositories but also in organizational routines, processes, practices, and norms." Besides these definitions knowledge is interpreted in several ways in different publications.

Our research defines knowledge as the whole of information, experience, routines, practices etc. that can be connected with people, can be found in the mind of a person or group or in electronic or paper documents and can be broadened during sharing that occurs between the knowledge sender(s) and the knowledge receiver(s).

Bartol's and Srivastava's (2002) approach contains information as an element of knowledge sharing and defines it as the action in which relevant information is diffused by employees to others across the organization. Contrary to this approach according to Kharabsheh (2007:530) the fact that knowledge sharing contains elements of reciprocity differentiate it from information sharing which is "about the management making information available to all members of the organization and it could be unidirectional and unrequested". Möller and Svahn (2004:220) believe that knowledge sharing is "sharing not only codified information, such as production and product specifications, delivery and logistics information, but also management beliefs, images, experiences, and contextualized practices such as business-process development". The relationship between sharing of organizational knowledge and intellectual capital can be examined with four behavior forms: employing intellectual capital and sharing its own knowledge with other participants; utilizing the obtained knowledge for getting competitive advantages without knowledge feedback; not using organizational knowledge, but sharing knowledge with others; not letting the intellectual capital in and out (Deák et al. 2009). As Christensen (2007:37) puts it "the goal of knowledge sharing can either be to create new knowledge by differently combining existing knowledge or to become better at exploiting existing knowledge".

According to our research knowledge sharing is a two-way process (giving and receiving knowledge) between the knowledge giver(s) and the knowledge receiver(s) who as participants of knowledge sharing share the knowledge found in their minds or the knowledge found in electronic or paper documents and which can occur at the same time when the participants are present or at different times when they make their knowledge explicit.

KNOWLEDGE MANAGEMENT SURVEYS AT THE UNIVERSITY OF PANNONIA, HUNGARY

The "Knowledge Management in Hungary 2005-2006" research

KPMG Hungary has a long tradition and much experience in knowledge management survey projects: Knowledge Management Research 2000 (KPMG, 2000) and Knowledge Management Research 2002. In 2004 University of Pannonia, Department of Management joined forces with KPMG-BME Academy in order to investigate the current state of knowledge management in the Hungarian profit and non-profit sectors. Therefore a detailed survey - "Knowledge Management in Hungary 2005-2006" - was conducted. (Gaál-Szabó-Óvári, 2007) Collaterally with "Knowledge Management in Hungary 2005-2006" survey, a "National Culture Research" was completed with the collaboration of Trompenaars-Hampden Turner Management Consulting, Netherland and University of Pannonia, Hungary. The "National Culture Research" determined what type of organizational culture belongs to the participants' workplace. (Kovács, 2006).

Methods

The survey examined the organizations' successfulness of knowledge management programs. The results show growing awareness of knowledge management, its value to business and the benefits resulting from a systematic and holistic approach to the effective use of intangibles among organisations operating in Hungary. In the application of knowledge lies huge potential, which is still mostly unexploited.

130 small-, middle- and large organizations - operating in Hungary took part in the empirical survey. The respondents were top and middle directors, managers and owners. Only 37 percent of the respondents declare that they have a knowledge management strategy, while 77 percent are indicating knowledge as a strategic asset. It can be seen that there is huge gap between the reality and the desire. 22 percent of the participants have knowledge management program and 30 percent are currently setting up or considering one.

The most significant problems are the lack of understanding knowledge management benefits and the lack of time to share knowledge.

Knowledge management is seen as a key accelerator for realising synergies among units, improving quality and achieving higher added value for customers. Majority of the respondents show a growing interest in knowledge management initiatives. The most popular initiatives are: knowledge repository, information center and center of excellence. (KPMG-BME Academy, 2006)

Results and discussion

The study examines the correlation between types of organizational culture (defined by Trompenaars and Hampden Turner) and the successfulness of knowledge management program with using qualitative methodology.

The study consists of 14 fourteen case studies. All interviews were with senior managers, managing directors and owners and conducted personally. Anonymity was granted to participants to keep their identity unknown.

To arrive at a right understanding of this passage, here comes the review of organizational culture types. Trompenaars and Hampden-Turner define four types of corporate culture - the family, the Eiffel tower, the guided missile and the incubator.

The four diversity cultures model assumes major dimensions of person vs. task and centralised (which is also assumed to be hierarchical) vs. decentralised (which is assumed to be more egalitarian). (Trompenaars and Hampden Turner, 1998)
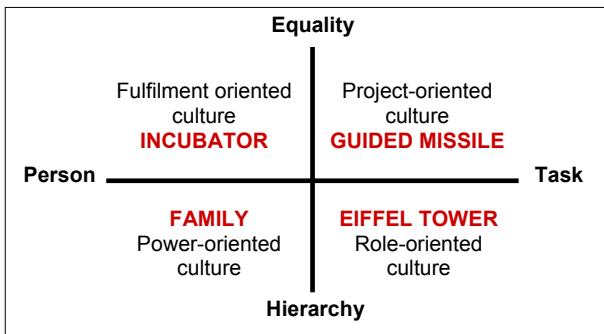


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                        Equality
                           |
    Fulfilment oriented    |    Project-oriented
         culture           |        culture
        INCUBATOR          |     GUIDED MISSILE
                           |
Person ────────────────────┼──────────────────── Task
                           |
         FAMILY            |      EIFFEL TOWER
     Power-oriented        |      Role-oriented
         culture           |         culture
                           |
                        Hierarchy
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Figure 1. Types of organizational culture by Trompenaars and Hampden Turner

The family culture is personal, with face-to-face relationship, but also hierarchical, in the sense that the boss ("father") has experience and authority of the subordinates ("children"). The result is power-oriented corporate culture in which the leader knows better what should be done. Who is doing something is more important that what is being done.

The Eiffel Tower culture's structure is symmetrical, narrow at the top and broad at the base, rigid and robust. Each higher level has a clear function of holding together the levels beneath it. The subordinates obey the boss because it is his/her role to instruct them. The status is ascribed to the role.

The guided missile culture is oriented to tasks, typically undertaken by teams or project groups. It differs role culture in that the jobs members do are not advance. The ultimate criteria of human value in guided missile culture are how you perform and to what extent contribute to the jointly desired outcome.

The incubator culture is based on the existential idea that organizations are secondary to the fulfilment of individuals. The incubator is both personal and egalitarian. It has almost no structure or structure provides only for personal convenience: heat, light, coffee, etc. (Trompenaars and Hampden Turner, 1998)

The supposal was that some organizational cultures might be more receptive to knowledge management programs than other types.

The result of the research indicates that organizational culture types really influence the successfulness of knowledge management programs. Organizations with project-oriented - guided missile culture have successful knowledge management programs - while the organizations with the culture of person-oriented - family and role-oriented Eiffel tower have unsuccessful or have no knowledge management programs.

There were not any organizations in the study with dominant fulfilment-oriented - incubator culture so there is no information about its impact on knowledge management programs.

Guided missile culture has almost the same characteristics than a knowledge sharing culture has (Bair, 2004).

An organization that does not have a corporate culture which support knowledge sharing, it have to create a knowledge sharing culture. Knowledge sharing culture is about making knowledge sharing the norm. The tasks are to encourage people to work together effectively, to collaborate, to share and to make organizational knowledge more productive.

THE "INTERNATIONAL MAPPING OF KNOWLEDGE SHARING EXCELLENCE" RESEARCH

Analyses dealing with the evolution, the handling of the effect of the economic crisis include primarily handling with the economical, financial (Holland et al 2009a), structural perspective of the crisis. There are hardly any articles, surveys investigating the human side (Holland et al. 2009b, Jameson 2009, Boda et al. 2009). Is the crisis sensible to values, to the way of thinking, to the practice, so is in the culture of organizations? Does the culture of an organization change during the crisis, and does it affect the sharing of knowledge?

The fact that there has not been any scientific research carried out in Central-Eastern Europe, which measured managers working under top manager concerning their knowledge sharing increases the importance of this research. The International Mapping of Knowledge Sharing Excellence research at University of Pannonia, Department of Management addresses this research gap and thus the purpose of our research is to measure the role of managers working under top managers, who work at medium- and large sized enterprises in Central-Eastern Europe, in the maturity of knowledge sharing and to reveal the factors which affect the maturity of knowledge sharing of these managers.

Methods

Since this research focuses on managers working under top managers we investigated managers work in the field of HR, manufacturing, production, maintenance, logistics, finance, accountancy, controlling, commerce, supply, sale, marketing, project management and R&D.

A model was created for the research which proposes that on the one hand there is the organization itself with different kinds of features and on the other hand the manager as an individual, who owns different kinds of knowledge sharing competences influencing the maturity of knowledge sharing. These influencing factors were revealed through interviews with managers from companies and consultants. Accordingly, the organizational aspect of our model contains influencing factors like organizational culture, structure

oriented features, knowledge management programs, and leadership. In the individual aspect competences, helping the sharing of knowledge are grouped into methodological, social, personal, professional competences and other characteristics, competences.

A questionnaire was composed based on this model, which was tested by sending it to Hungarian managers.

The survey with the final questionnaire, which contained structured questions about the above mentioned 9 influencing factors and about the maturity of knowledge sharing and general information, has been conducted in Hungary since 2006 among managers working under top managers at medium and large sized enterprises. Since 2008 this survey among the same managers has also been conducted in other Central-Eastern European countries such as Serbia and Bulgaria. The database of the Hungarian survey has reached such high amount which made it possible to compare the database (collected before and during the crisis) of the Hungarian survey and

investigate the effect of the economic crisis on the handling of knowledge and corporate culture of examined Hungarian enterprises.

The complete Hungarian survey consisted of 329 Hungarian respondents. In order to separate 2 periods (before and during the crisis) in connection with our research we took into account that the symptoms of the crisis had already appeared before October 2008 but intensively in October, so we drew a subjective line at the end of October with which it was possible to separate the 2 investigated periods. (Obviously this line is not so sharp, the questionnaires near this line were not taken into consideration during the research.) Thus it can be determined that 147 of the participants filled in the questionnaire before the beginning of the economic crisis and 181 since then. The left hand side diagram shows the distribution of the participant of the research before the crisis, and the right hand side diagram the distribution of those who took part since the beginning of the crisis.
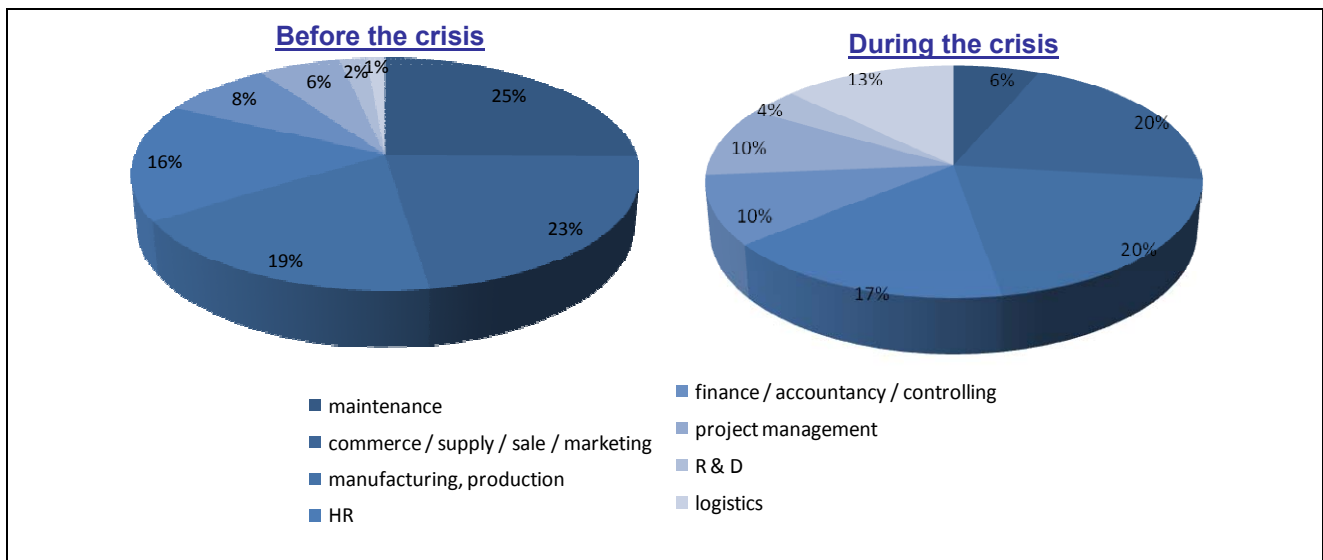

Figure 2. The distribution of the participants of the research before and during the crisis

In the remaining part of our paper the results of corporate culture and its effect on the maturity of knowledge sharing will be presented. Maturity of knowledge sharing examines the manager's availability to his subordinates and other managers and the usefulness of the knowledge given by him to his subordinates and other managers during the period of the availability and vice versa.

Although there are several methodologies (Handy 1993, Trompenaars 1998, Heidrich 2001) to examine the culture of organizations, we used the Competing Values Framework of Cameron and Quinn (1999) to examine the culture of the investigated managers. This Framework proposes dimensions such as "flexibility, discretion – stability, control" and "internal focus, integration – external focus, differentiation"; allow for four culture types to be distinguished. These culture types are Clan, Adhocracy, Market and Hierarchy.
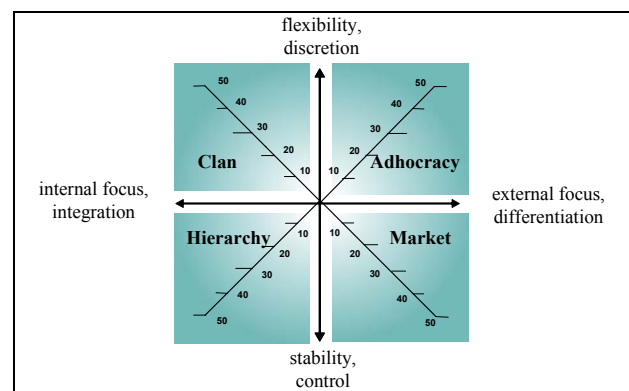

Figure 3. The Competing Values Framework - Corporate Culture types (Cameron Quinn 1999)

An organization that has Clan culture is characterized by internal maintenance with flexibility whilst by having an Adhocracy culture the organization concentrates on external positioning with a high degree of flexibility and individuality. While Hierarchy culture focuses on internal maintenance with a need for stability and control, an organization that owns Market culture pays attention to external positioning with a need for stability and control (Cameron and Quinn 1999). Table 1 contains additional feature of these four culture types.

Table 1. Features of Corporate Culture types

CLAN		ADHOCRACY
− friendly	*Workplace*	− dynamic, entrepreneurial, creative
− mentors, parent figures	*Leaders*	− visionary, innovator
− loyalty, tradition	*Glue*	− commitment to experimentation and innovation
− benefit of individual development, high cohesion, morale	*Long-term concern*	− rapid growth, acquirement of new resources

HIERARCHY		MARKET
− formalized, structured	*Workplace*	− result-oriented
− good coordinators, organizers	*Leaders*	− hard-driving producers, competitors
− formal rules and policies	*Glue*	− emphasis on winning
− stability, predictability, efficiency	*Long-term concern*	− competitive actions, achievement of stretch goals, targets

Source: Cameron-Quinn, 1999

The Organizational Culture Assessment Instrument, which is based on Competing Values Framework, consists of 6 items, each of which has four alternatives. 100 points are divided among these alternatives depending on the extent to which each alternative is similar to the organization of the investigated managers. The average score for each alternative is calculated by adding together the responses of each alternative and dividing it by 6. This Framework also enables the mapping of the preferred culture types of organizations besides the present ones (Cameron and Quinn 1999).

Results and discussion

The following diagram show the present and the preferred culture types of the examined Hungarian managers before and during the crisis.
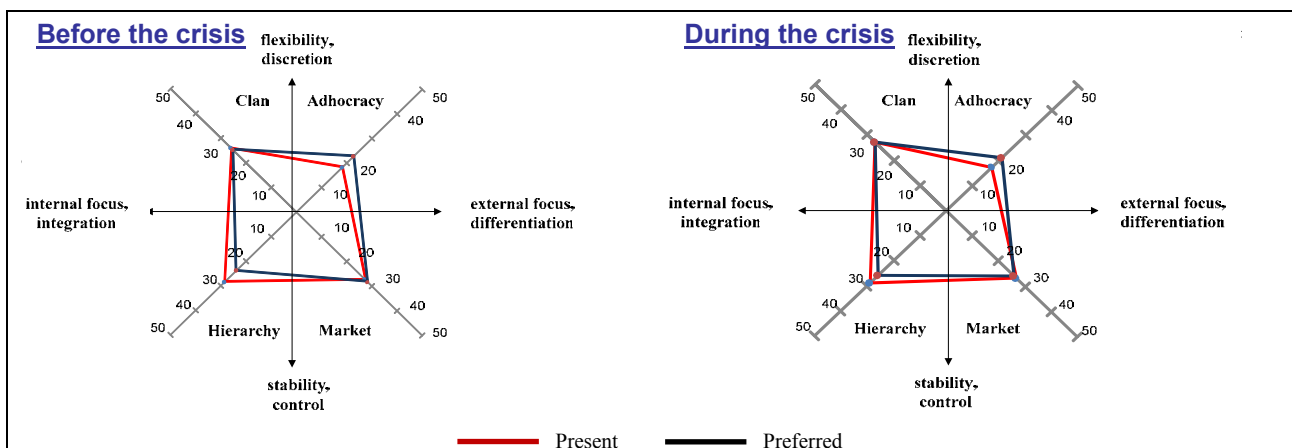

Figure 4. Present and preferred culture types of the examined managers before and during the crisis

The present culture types show that before the crisis Market and Hierarchy culture types dominated which indicates the importance of stability and control in the investigated organizations.

The examined managers would prefer a culture where Market culture type would remain dominant but the dominance of Hierarchy culture type would decrease significantly while the presence of Adhocracy culture type would increase and the condition of Clan culture type would not change. Thus external focus and differentiation would also prevail beside stability and control in the preferred culture of the examined

organizations. This shift shows that the investigated managers would like to move towards focusing on external subjects, tasks and flexibility, which indicates that they would like to work rather in a culture where adaptability, flexibility, creativity, meeting new challenges and preparing for the future are typical.

If we compare the present culture types of the investigated managers before and during the crisis the following statements can be made. Since the beginning of the crisis the dominance of Adhocracy and Clan culture types decreased a bit and the assistance of Hierarchy culture type increased slightly while Market culture type remained dominant. It can be determined that the investigated organizations did not move towards the preferred culture types (Adhocracy) that they defined desirable before the crisis.

During the crisis - likewise before the crisis - the participants would prefer a culture type where the dominance of Hierarchy culture would decrease and the presence of Adhocracy culture would increase.

During our research we also wanted to know to what extend knowledge sharing is mature within the present dominant culture types. Maturity of knowledge sharing is examined by availability and usefulness of knowledge.

Availability is measured from two directions: the availability of the investigated manager to his subordinates and other managers when he is asked for help (availability 1) and the availability of others (subordinates and other managers) to the investigated manager when he asks for help (availability 0).

Usefulness investigates how useful the knowledge given by someone to his/her colleagues is. Usefulness is also measured from two directions: the usefulness of the knowledge given by an investigated manager to his subordinates and other managers (usefulness 1) and the usefulness of the knowledge given by others (subordinates and other managers) to the investigated (usefulness 0).

The following diagrams present the mean of maturity of knowledge sharing of the examined Hungarian managers at the groups of the present dominant culture types before and during the crisis.
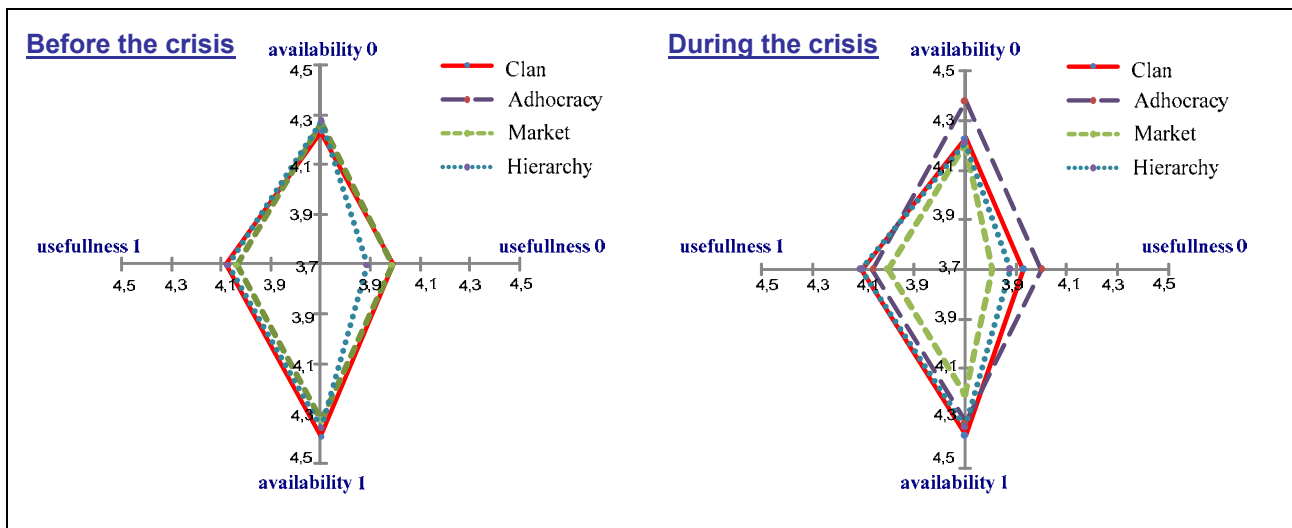

Figure 5. Maturity of knowledge sharing at different culture types before and during the crisis

The maturity of knowledge sharing could not be analyzed at Adhocracy culture before the crisis, because it did not emerge as a dominant culture type among either of the groups of investigated managers. Among the remaining three culture types while there were hardly any differences in the maturity of knowledge sharing at Clan and Market culture types, knowledge sharing became the least mature at Hierarchy culture type.

Since the beginning of the crisis Adhocracy culture type appeared also as a dominant culture at several investigated organizations besides the other three culture types and knowledge sharing became the most mature at this new dominant culture type, while the least matures are Clan and Market culture types.

It can be also be observed that during the crisis Market culture type exhibits worse knowledge sharing maturity than Hierarchy culture type had before the crisis. This draws attention to the following: during the crisis it is not enough for organizations to concentrate on external positioning and internal stability and control, they need to prepare for the future, be flexible, creative and adaptable, able to handle unexpected situations which are necessary and inevitable not only during knowledge sharing but also during the days of recession.

The fact that Adhocracy culture enables a higher maturity of knowledge sharing than other culture types and the fact that managers would like to move towards an Adhocracy culture type (Figure 3) indicates that Adhocracy culture is preferable. The direction of change towards it is desirable

not only because the ability of handling unexpected situations, being flexible and focusing on external tasks are necessary and inevitable during knowledge sharing but because recession requires it as well. Seeing this, the following question may occur. Why did not the investigated organizations make steps towards the direction of Adhocracy culture type if they are aware of the fact that the change in this direction would be desired for knowledge sharing and their operation as well?

Being aware of the above mentioned it would be advisable for medium and large sized organizations operating in Hungary to handle the crisis by planning the change in the culture of the organization parallel with financial and structural changes.

CONCLUSION

The concept of knowledge management continues to evolve. It is recognized as an important competitive factor for businesses worldwide.

The first organizational efforts to manage knowledge focused on information technology solutions. These technology-driven solutions, although important to knowledge management, often failed to achieve their objectives because they did not consider cultural factors critical to effective knowledge management.

Organizations failed to consider the relationship between knowledge management and organizational culture, and the cultural factors that impacted effective knowledge management initiatives.

These organizations face challenges when implementing knowledge management initiatives. They should find ways to integrate knowledge management into their strategic vision, build a knowledge sharing culture that supports knowledge management and motivate employees to support these initiatives.

The International Mapping of Knowledge Sharing Excellence Research has shown that there are differences in the maturity of knowledge sharing of managers within different culture types comparing the period before and during the crisis.

It can be seen that it would be useful for Hungarian organizations to move towards an Adhocracy culture type, that concentrates on external positioning with high degree of flexibility and individuality and which results in a high maturity of knowledge sharing. Still it could be seen that the feature of Hierarchy culture type have increase slightly in the present culture type of the investigated managers although considering the maturity of knowledge sharing the decline of the characteristics of this culture type would be desirable.

To reach adequate decision, information and facts that underlie the base of decision making (for instance to share knowledge within the organization) must be defined (Kosztyán et al. 2007).

Will the Hungarian organisation be able to find the appropriate path to get out from the crisis?

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