

IMPACT OF PRACTITIONER INVOLVEMENT IN TERTIARY EDUCATION ON KNOWLEDGE MANAGEMENT DEVELOPMENT IN SMES IN LATVIA

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—Abstract —

Knowledge management is one of the cornerstones for successful company development. In Latvia, many of the new enterprise owners and managers enrol in business administration studies to gain comprehensive knowledge and skills necessary for knowledge management development, therefore the involvement of practitioners (owners and managers of well-established enterprises) has become a compulsory part of the program delivery providing both direct knowledge transfer and insights in the market development trends, as well as creating eco-business environment where both the well-established enterprises and the start-ups benefit of the interaction.

The research presented in this article is based on the annual business administration student survey on the study process quality at both bachelor and master programs covering results for the last 10 years, as well as the semi-structured interviews carried out in 2010-2012 on the practitioner involvement in the study process and its impact on the knowledge management development in SMEs managed or owned by student-respondents. During the research both quantitative and qualitative research methods were used, as well as objectives-based and content analysis.

Key Words: *business administration, knowledge management, entrepreneurship and innovation*

JEL Classification: M100, M190, O310

1. INTRODUCTION

Knowledge including information, skills and competences has been the most productive resource the humanity has possessed since the first people learnt where to find brimstone and flint and how to make fire. The knowledge management has interwoven the evolution of mankind regarding the development of both the education systems (knowledge transfer) (Delfmann and Koster, 2012) and understanding of economics (limited resources) (Varga, 2000). Modern economy is characterised not only by huge international corporations but also by ever increasing number of small and medium-sized companies, with nearly every third person creating a business of some legal form.

The last two and a half decades have brought radical changes for people of Latvia, similarly to those of other post-soviet countries, not only in terms of regaining independence, but also the transition to a free-market economy, the accession to the European Union and the common market, the introduction and rapid expansion of the electronic means of communication (Majors, 2008). The dream of free exchange in knowledge, which was largely prohibited in the Soviet Union, has become a reality, yet the amount of knowledge to be obtained and shared has increased to an extent where the oversaturation of information may lead to its incorrect selection and interpretation or even a loss of willingness to process it at all. Thus the universities providing business education undertake responsibility for quality knowledge transfer not only in terms of their repute, but also the welfare of the society in general (Che Rusuli et al., 2012).

At *Turība* University, which is the largest privately owned and the fourth largest university in Latvia, the number of students enrolled in business related programs at both bachelor and master levels has fluctuated between 2000 and 3000 within the recent years, with 18% to 23% of them being established business owners, 38% to 42% - managers and 9% to 12% establishing their own business during their studies. The enrolment survey results show that a large percentage of students choose deliberately business studies to gain comprehensive knowledge and skills necessary not only for company management (93%), but also for knowledge management within existing or their future companies (42%). As well, a large proportion of respondents (78%) have stated that they preferred the professional higher education to academic higher education due to the added value

in the form of practical application of the gained knowledge both within and outside the study process.

The research presented in this article is based on the data of the annual business administration student survey and of the semi-structured interviews. The business administration student survey consists of two layers: evaluation of each particular study course and public lecture/seminar (carried out at the end of each of them) and the overall study process quality evaluation at the end of each study year. As the university provides professional education at both bachelor and master programs (academic degree with professional qualification), more than 80% of survey questions refer to the quality of the knowledge, skills and competences, gained during the study process, their practical applicability and compliance with the market topicalities.

The provision of professional education implies the involvement of the practitioners (experts representing different industries) in the study process, which may take formal or informal form, where formal education includes lectures within the study courses while informal education refers to public lectures and seminars provided additionally and not constituting part of the formal study program. The public lectures and seminars provide a possibility for immediate knowledge sharing (Wringe, 2009) on topics which arise in the economy, but have not been included in the formal curricula, as well as without formal education limitations regarding compulsory attendance or educational background of the involved parties. On the other hand, practitioners are involved also in the delivery of formal study programs, from one or several lectures under supervision by the standing professor to the delivery of a whole study course (Thomas, 2007).

To establish an appropriate balance between both forms of education, since 2002 the student survey includes a set of questions regarding both the contents and delivery efficiency provided by practitioners. Particular attention is devoted to the primary knowledge transfer at the university, its subsequent transfer to the organisations (with the student-managers representing them acting as knowledge transfer intermediaries) and final evolvement into applicable solutions. The approach stimulated the demand for a wider-scale practitioner involvement, yet the delivery of whole study courses by practitioners resulted in the fall in the overall quality and satisfaction in at least 30% of cases in the study year 2009/10.

Therefore, since 2010, additional semi-structured interviews have been carried out to approximate the reasons for the inadequacy between the demand for practitioner involvement and the subsequent outcomes, as well as to gain a deeper insight in the knowledge transfer and impact on the organisations.

The present article summarises the survey and interview results regarding knowledge transfer at both stages – primary transfer from practitioners to student-managers and subsequent transfer to the related organizations, as well as highlights factors influencing both stages and draws conclusions for improvement of knowledge transfer and management. During the research both quantitative and qualitative research methods were used, as well as objectives-based and content analysis.

2. KNOWLEDGE TRANSFER: FROM UNIVERSITY TO BUSINESS

2.1. Tertiary education: building efficient eco-business environment

The first part of the survey devoted to the student (business owners and managers) satisfaction with the knowledge transfer at the university highlighted the following influencing factors: the repute of and the preliminary information about the practitioner involved, the personal interest of the student-manager in the topic, and the form, length and structure of the knowledge transfer.

Regarding the practitioners involved in the formal or informal delivery of the knowledge transfer, there was established a correlation between the preliminary knowledge of their background and the quality and efficiency of knowledge transfer. Basically, the extent of knowledge on the practitioner-lecturer had linear relation with the student-managers being interested in the knowledge offered, yet it should be noted that the satisfaction levels were the same in cases when the practitioner was already well-known and when sufficient information was provided beforehand. In relation to the study form, another influencing factor was the personal communication skills of practitioners, with those having well-developed skills being able to maintain attention for longer time. As well, it is notable that even for the most well-known practitioners having the best communication skills the recipient satisfaction levels fell dramatically (from 86%

to 51%) when the delivery exceeded 2 lectures, and even more (to 33%) when a whole study course was devoted to a current problem. During the subsequent interviews, this trend was substantiated by the necessity to pay attention to more than one problem and to find immediate solutions, as well as unwillingness to procrastinate with decision taking to evaluate possible options and plan long-term strategies.

The structure of the knowledge transfer plays an important role (Soosay and Hyland, 2008). Apart from the length of knowledge transfer, there was established little difference between informal and formal lectures, with satisfaction levels increasing only slightly for public lectures and seminars (informal education) where the attendance was optional. This was substantiated by the difference in practitioner's approach, while presenting the same topic at public lectures the practitioners were regarded more as entertainers, which in formal lectures was compensated by more structured and therefore easier-to-perceive content. It is notable, that there was observed a huge difference between the satisfaction with the content delivery and its further application. At the average satisfaction level (58%), the public lecture attendees acknowledged the further use of the content in only 6% of cases, while for formal lectures the figure was 22%. At the high satisfaction level (79%) the corresponding figures were 11.5% and 37%, which allows concluding that a more structured approach ensures higher quality knowledge transfer.

2.2. Further knowledge transfer and its impact on organisations

During the survey and the subsequent semi-structured interviews close attention was paid to both the transfer of the knowledge and competences gained at the university and the overall impact on the knowledge management development in the corresponding organisations. Regarding the transfer of the gained knowledge and competences, the research results highlighted several influencing factors: the perceived value of the information itself, the perceived value of the origin of the information, the perceived value of the intermediary, as well as the structure of the organisation the information is transferred to and its previous experience in information exchange.

It is notable that the information on both the market trends and possible business opportunities in particular and on the introduction of the knowledge management systems (from informal knowledge exchange to establishment of formal systems) in general in many cases was perceived differently by the intermediary (the student-manager) and the organisation. In more than 84% of the cases when the information was not transferred partially or at all the main reason mentioned was the lack of topicality of the issue within the organisation. Further, the interviews discovered the lack of readiness for change within the organisations, the inflexibility of the established mind-sets of employees, as well as the lack of motivation to do anything outside the job description. There was recognised a correlation between the amount and speed of knowledge transfer and its immediate practical application. Knowledge providing immediate solutions to the current problems was transferred very quickly, while general information regarding medium or long term solutions tended to be transferred very slowly and partially or was not transferred at all.

As well, the perceived value of the origin of the information played an important role in the motivation and readiness of both the intermediary and the organisation (management and employees) to get involved in and pursue the discussion on the subject. In the survey just over 81% of all the respondents stated that the status of the lecturer (perceived expertise of the practitioner) was a very and on many occasions (16%) the most important factor for the initiation of the discussion, while 1/5 of the respondents stated that otherwise they would not even start a discussion on the subject. As well, it should be noted that the willingness to exchange information was only indirectly related to the perceived usefulness of the information and the subsequent application of it. While the knowledge provided by successful businessmen tended to be discussed more often and for longer time, the practical solutions derived from the discussions were implemented as often (about 16% of cases) as when the source of the information had much lower perceived value.

One of the factors influencing the knowledge transfer the most was the intermediaries (student-managers) themselves, i.e. their perceived value within the organisation. It is notable, that there was encountered a large difference between the status and the perceived value of the intermediary. In most cases when the intermediaries were the owners or the CEOs of the organisations, but had low

perceived value, there was encountered a formalized attitude towards both the discussion and the subsequent implementation of the derived solutions. Though in most (92%) of such cases there was also formally introduced some kind of knowledge management system, the efficiency of these systems is yet to be evaluated. On the other hand, the most efficient knowledge transfer took place where the intermediary, regardless their status within the organisation, had high perceived value, basically due to two main reasons – the previous successful performance and the previous pro-active communication resultant in tangible outcomes. It is also notable that the transferred knowledge in many cases (nearly 43%) was not directly connected with the main duties and responsibilities of the intermediary.

The survey results showed that the internal organisation of an organization was more significant for knowledge transfer than its size. Although there were encountered differences between small and medium-sized companies and large enterprises in terms of the number of people involved in the communication, the most significant factor here was the number of organisational layers between the implementing workforce and the decision makers. Even in small and medium-sized companies the knowledge transfer was well below the average (only 8-11%) when there were more than two organisational layers involved for the discussion-derived solutions to be implemented. At the same time, in large companies, if there were only two organisational layers involved with junior managers having decision making rights delegated to them, the knowledge transfer to full implementation of the elaborated solutions was nearly as efficient as in small companies (29%).

Regarding the recipient organisations, another major factor for knowledge transfer was the previous experience of the organisation in terms of the amount and intensity of the internal and external communication (Zouaghi, 2011). During both the survey and the interviews there was recognised that the correlation between the amount and intensity of the communication and the transfer of particular knowledge is not linear, as in the environment with too intensive communication a particular piece of knowledge could be lost regardless its value. As well, it was recognised that the difference of a particular piece of knowledge in contrast to the overall communication was of the most importance, e.g. the source of information, its originality or simplicity. On the other hand, it was also recognised

that in the environment oversaturated with many different ideas, the most important was the personal relationship between the intermediary and the decision maker, as the organisations were characterised by the lack of capacity to implement all ideas and the consequentially high employee turnover.

As the last but not the least of the factors influencing knowledge transfer within the organisation was recognised the team relationships based on a common understanding of goals, targets and tasks, as well as benefits to be gained for each of the team members (Ioi et al., 2012). The stronger was the sense of belonging to and being part of a team, the more efficient was the communication between the intermediaries and their colleagues. It should be noted, that with all the aspects – goals, targets, tasks, and benefits being clear there was no difference whether the knowledge referred to immediate or long-term solutions, whereas in cases where one or several aspects became ambiguous for any of the team members both the team's overall efficiency and the knowledge transfer efficiency fell significantly (by 20 to 85%) depending on the size of the team and proportion of the team affected.

As well, it was encountered that quite often (in more than 36% of cases) teams included members who had no active role in carrying out the tasks to reach the stated goals, most often because they were in the same team for other projects. The research results showed that such passive (most often unnecessary) team members significantly hindered the knowledge transfer, as well as the subsequent elaboration and implementation of solutions. In cases when the teams were cleared of such passive members, both the knowledge transfer and the productivity increased dramatically (by 70% to four times), yet these figures are relative as there were not established other factors contributing to such an increase (e.g. more attention paid to this particular project). It was also established that the increase in the number of projects staff were involved in at a time lead to increase in overall knowledge transfer, yet there could not be established the correlation between the involvement in numerous projects and the development and implementation of solutions due to the varying context and overlapping variables (Berends, 2011), e.g. the different status and weight of the activities of a particular member within the same team working on different types of projects (e.g. the case of a finance manager working in a team which analysed the customer satisfaction with the existing services, planned the promotional activities of the new service

and tried to introduce a new performance-based benefit scheme for sales representatives).

3. CONCLUSION

A modern organisation can not survive without some kind of knowledge management, whether formal or not, and the research results depicted in the present article highlight three stages of knowledge transfer and their influencing factors to be taken into account when developing knowledge management systems. Firstly, there should be regarded the preliminary experience in knowledge exchange of the organisation in general and involved people in particular. During this stage, which may be called pre-transfer stage and precedes the actual knowledge transfer, there should be provided sufficient information on both the knowledge disseminators (their background and expertise) and the topic as such to prepare the intermediaries and/or final recipients for quality interaction.

During the primary (as well as subsequent) knowledge transfer stage, the knowledge transfer should be well-structured regardless its formal or informal arrangement. The time allocated to the knowledge transfer should be proportionate to the number and amount of different tasks or projects the recipients are involved in, as disproportion may lead to inappropriate attention shift. The direct satisfaction of the recipients with the knowledge transfer method is only indirectly related to the elaboration and implementation of solutions, while the proposed content plays a vital role and should offer model solutions which could be discussed and developed further according the variable context.

The role of the intermediary in an organisation is as important as the knowledge to be transferred. In cases, when there an intermediary exists for (formal or informal) knowledge exchange, the staff and teams may refuse to listen to another person, which may hinder or prevent totally any knowledge transfer. As well, it is advisable to rid teams of passive members as they may slow down the knowledge application and decrease the productivity. For larger organisations a two-layer team approach should be considered with decision making rights delegated to the junior managers.

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