

# The most important features of organizational behaviour during a knowledge management system building

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**Abstract:** Creating a knowledge management system (KMS) is a popular goal in corporate strategies. Medium, large and multinational companies know and use the expression 'knowledge management' (KM) almost without exception, but what they mean by it is varied. In this study, our intention was to shed light on how large and multinational companies use a KMS in their everyday practice, if at all. Our aim was to present an overview of the practical application of KM systems in Hungarian companies to show the best methods which yield favourable results and to gather the most troublesome obstacles arising in the course of building a KMS. Forty-three companies were invited to participate in our research. The interview – based investigation followed the logic of the well-known Probst model. The findings of this survey offer important assistance in building a KMS, repairing an existing system or applying new methods and tools. This paper summarizes the results of our research.

**Keywords:** Best Practice, Knowledge Management, Knowledge Management System, Knowledge Management Tools, Organizational Behaviour, Problems in Knowledge Management System Building

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## 1. Introduction

After the ignorant first steps 10 years ago, today there is hardly a company in Hungary that has not at least heard of knowledge management systems. Still, we cannot say there is cause for perfect happiness. The research carried out so far has identified several points, on what constitutes the major problems, but no breakthrough success has been achieved. Many large companies have announced that they have built or are in the process of building their own system and designed their KM strategy. In practice, though, they do not seem to be working [1].

Our earlier papers and books [1, 2, 3, 4, 5] presented the results of our research projects in detail. This paper has a slightly different focus.

## 2. Theoretical Background

### 2.1. The Model Underlying the Practical Survey

The definition of KM outlines a series of activities which

represent KM as a cyclic process of advancement and development [6].

This approach focuses on setting up and managing a knowledge base for the organisation. It is a series of activities constituting a cyclic process of growth which promotes increased competitiveness and profitability.

The relevant model was created by Probst [17] and consists of eight components. The eight components are: knowledge goals, identification, acquisition, generation, distribution/sharing, application, storing and assessment (seen in the figure 1. below).

It is an essential need for companies to get an overview about what knowledge they need (knowledge goal setting) and the extent of such knowledge already available within the organisation (identification) [17].

The acquisition may be formal or informal. Davenport and Prusak [6] opine that informal networks are usually more direct and require interaction in person.

Knowledge also needs to be generated, both on an individual and an organisational level. Knowledge generation involves members of the organisation's own staff generating

the necessary knowledge, including new ideas, models, skills, products, processes etc.

The goal of sharing and distribution of knowledge is to reproduce knowledge within the company. Knowledge transfer is a two-part process: transmission and the absorption of knowledge by the recipient person or group. Making knowledge available does not equal it being transferred [21].

The application of knowledge should make sure that knowledge is used productively, improving the company's profitability. All effort is in vain if knowledge remains unused.

Knowledge is stored to ensure that knowledge that is identified, acquired/generated, distributed and applied remains available to the company's staff in the future. Storing knowledge is also associated with the methods, tools and procedure used in searching for knowledge and in making it accessible.

The last component, the verification of knowledge is often accorded too little importance. Verification involves a review of the meeting of objectives and makes changes to the organisation's knowledge visible [17].

For the KM cycle to be effective, it is imperative to have in place an organisational culture of knowledge sharing based on trust, as well as to build systems of incentives which make it natural for the employees to share their knowledge and to work and think together. Your goal is to simulate the usual appearance of papers in a Journal of the Academy Publisher. We are requesting that you follow these guidelines as closely as possible.

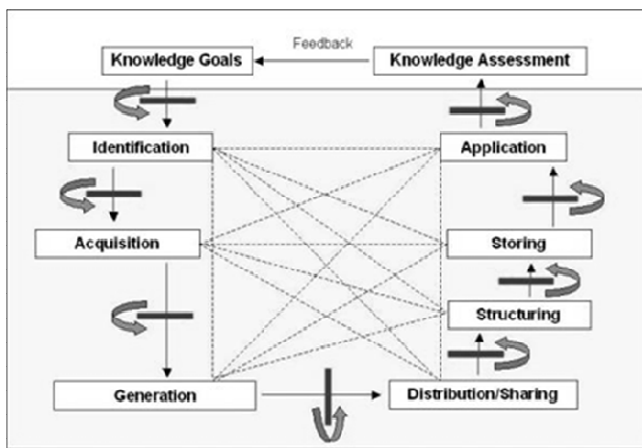


Figure 1. The Probst model [17].

It is worth noting that for this system to work, two fundamental conditions must be met:

- A well-built IT system adapted to and able to support the business processes [15, 8],
- Creation and operation of an organisational culture of learning [7, 19].

### 3. The Characteristics of the Survey

Our study of KM systems, their implementation by businesses, the methods used and the links to other business processes was conducted between 2006 and 2013 in several parts and with varying focus. The methodologies used were qualitative and/or quantitative techniques. The sections below concentrate on the qualitative elements and results of the study in order to continue to describe Hungarian reality.

#### 3.1. Methodology

Experienced interviewers well versed in the topic at hand made sure that the survey was conducted properly. First we recorded the logic of the interviews, identifying the fields that were essential to explore. (The questions followed the steps in Probst's model). The results were analysed in light of the results of the preceding (exploratory) quantitative research in order to address the impact of personal influence on the qualitative research and on formulating our findings.

#### 3.2. The Sample

The investigation was conducted with the participation of 43 companies. We tried to collect companies from every area of the Hungarian economy, but this sample is not representative. It does not conform to the composition of the Hungarian economy from the view of sector, size or ownership relations. But on the basis of the sample size we can take an overall characterization of knowledge management systems building and functioning. All persons interviewed were top managers. The sample was built from such entities. In general, qualitative sampling should conform to the following principles [9, 11, 13]:

- Sample with a small number of items, and their links;
- Sample selected purposefully;
- Sample focus follows from the theory;
- Sample built one step after the other (rather than being pre-defined).

The size and operational area of the investigated companies are listed below (Table 1).

Table 1. Size and operational area of the investigated companies.

Investigated companies	Number	Size	
		Big/multinational	SME
Manufacturing companies	31	15	16
Financial institutions	3	3	
Service companies	4	3	1
Government institutions	5	3	2
Sum	43	24	19

#### 3.3. Qualitative Research

To ensure a comparatively equal base of evaluation, a pre-defined logic was used to explore and analyse managers' opinions. Interviews followed the logic below (see Table 2).

*Table 2. Logic of the qualitative study.*

<b>Data collection</b>	
In advance	Study of the environment of the entities covered by the study Presentation of the research objectives and methodology. Exploring the interviewed manager's views in line with the steps of the Probst model. Bringing up typical examples, cases (storytelling,). Closure, feedback concerning the interview.
<i>Data entry</i>	
Before the query	Preliminary notes and outline based on online and personal sources.
During the query	Manual notes, digital recording (with prior permission)
Immediately after the query	Manual notes, digital post-recording if necessary, computerised documents.
<i>Data analysis</i>	
	Analysis of aggregated interviews, content analysis, with preference to the methodology of looking for identical and different thoughts, opinions.
After the full query	In the course of data analysis the results of the quantitative analysis were kept in mind; opinions supporting, complementing, differing from and possibly refuting such results were collected and evaluated.

## 4. Evaluation of Research

The most useful method in analysis is to use a model in qualitative study which fits the relevant logic and study objective [12, 13,18, 20]. The following logical model was used:

1. Drawing a generally applicable picture based on the interviewed managers, company information and first intuition.
2. Analysis of the information obtained in connection to the individual questions (logical steps); finding links, correlations and differences.

### *4.1. A Selection from the Replies Concerning Individual Steps in the Probst Model*

As it is shown, the steps of the model build on each other and there are connections among them. It projects a demand in advance, namely leaders have to be capable of recognizing, seeing and keeping in view these connections continuously. In the following eight points (eight steps of the Probst – model) some problems will be shown which originate from leaders' interviews.

1. Knowledge priorities/goals. These goals come from companies' strategies. What kind of problems can be realized in this area? (The problems below are listed on the basis of leaders' answers.)
  - In most cases the practice shows that in case of SMEs there is not a strategy at all. There is none and they do not want to deal with it. Their aim is survival, to this it is not necessary to have a strategy, just shrewdness. The smallest companies do not find it important to think at a strategic level, the leaders of these companies do not have enough knowledge or preparedness to prepare any. That company which understands the importance of a strategy, does not have enough money to finance an expert to prepare a strategy.
  - In cases of big/multinational companies the lack of a strategy is rarely characteristic. In their case the strategic ideas come from a high level and they cannot reach the suitable levels. Very often occurring problem that leaders at different levels do not agree with the

higher ideas. That is why their own interests overwrite the central ideas and other strategic aims will be in their focuses.

2. Knowledge identification. If the previous phase is missing, this step is non-existing. During the survey more typical solutions were found.
  - If there is no strategy, there is no next step (identification) and companies try to fit the requirements of present, try to keep their quality and quantity at the same level. They do not develop, they do not overstep. As long as the market has a demand, the presence of products or services, companies can operate (live from day to day), but their further luck is the question of the future.
  - In case of big/multinational companies the most frequent deficiencies are that it is not known what kind of knowledge is inside the company. Leaders know the preparedness of their employees generally but there are reserves in all cases. It means that they do not have knowledge or competence maps, they do not have an up-to-date, reachable, exact database about the inside useable knowledge.
3. Possibilities of acquiring the missing knowledge. In this research leaders mentioned the following problems.
  - There is a big problem independently from the financial possibilities that there is no real selection of applicants (Corruptions and protections).
  - The other possibilities of knowledge acquisition are – beyond the standard solutions - unfair methods mentioned by leaders. For example corruptible or seduceable colleagues, stolen ideas, buying up companies or bringing companies to ruin.
4. Knowledge development/generation. The problems were mentioned in the following forms.
  - There is no money to teach and to train employees. It is a characteristic and a returning financial problem of SMEs;
  - Companies do not know what should be developed. If they do not have a strategy or a vision, they do not know how to prepare for the requirements of the future;
  - It is possible that a new employee brings new, better, higher level knowledge into the organization, but the

existing staff does not want to accept it, they are not interested in this new knowledge, they do not want to know what is useful and what should be inbuilt into their processes.

5. The most critical phase of a knowledge management system is to create of conditions and possibilities of knowledge sharing/distribution. Here are some mentioned problems.
  - In regard of employees' knowledge sharing the generally experienced behaviour and practice are summarized in two words. No Way! Declarations were collected from women who started their maternity leaves and from employees who changed their positions that they are not interested in a complete knowledge sharing. If a new colleague is better in a sphere of activity, they do not have a possibility to turn back from the maternity leave or from abroad, etc.
  - In cases of the finally leaving employees the interviewed leaders reported about such situations as evacuated accounts, deleted winchester, eliminated documents, discouraged customers etc..
6. Knowledge has to be structured and fixed/stored in the organizational memory, the necessary information has to be reachable for everybody. An interesting answer is below.
  - Most companies deal with IT very seriously. Huge amounts of money are spent to develop and to adapt new versions again and again, they use the best informatics solutions. Too much information is the same problem as insufficient knowledge. Employees are covered with unrequested emails, data, unnecessary information and they cannot decide what is important or what is to be ignored.
7. Knowledge application. A mentioned critical problem is here.
  - It is very difficult to assess how much an employee could be developed during a training or teaching. But it is much more difficult to assess how an employee builds this knowledge into his/her everyday work. (It is especially difficult to measure the development and growing of knowledge in case of soft skills, for example, in case of a communications training, teamwork, conflict management, personality development, etc.). As the development of these knowledge elements is tackled with difficulties, the consequences of their usage or the lack of their application is measured in a more troublesome way.
8. Knowledge assessment is a feedback to employees and to leaders, too. How does the knowledge fit the strategy, can the company do justice to the long term goals by using this knowledge? Some experience from the interviews is below.
  - The interviewed leaders mentioned a single possibility only in this step of the Probst model which is the performance appraisal. The application of this method is not characteristic in case of SMEs, but in case of big/multinational companies it is a regularly used and

an indispensable tool.

- A company's leader said that assessment is not really acceptable if it is not based on real performance, knowledge utilizing. In most cases there is no any consequence of the appraisal, (except for personal conflicts or insults) therefore this method is not handled seriously by employees or leaders.

## 5. Summary

In this paper a small segment of the results was shown only, but you have to know that these problems appear in most companies. These problems hinder their initiations to create a well-operated knowledge management system building.

Referring to the above highlighted eight phases of the Probst-style model, there is a short summary below:

- Knowledge goals/priorities: slightly characteristic, imperfect, lash of interest among managers;
- Knowledge identification: slightly characteristic, if there is no strategy, it makes no sense;
- Knowledge acquisition: cultural, moral, ethical, economic problems appear;
- Knowledge development/generation: companies do not know what should be developed, they do not see their interests, they do not spend money on it;
- Knowledge sharing/distribution: next to impossible to ensure, only force can operate;
- Knowledge application: automatic expectation without control, it does not fill its role;
- Knowledge storing: too many IT is a disadvantage rather than an advantage;
- Knowledge assessment: slightly characteristic, there is no shaped methodology.

To build and operate a knowledge management system is not too easy. As the above shown problems project, our companies have not prepared themselves for this economic challenge. Our managers have to learn a lot, how to form a suitable knowledge centred strategy, how to acquire the best employees with the best knowledge and how to handle them due to ensure a supporting atmosphere. To realize these challenges the most important task is to form an organizational culture which supports knowledge sharing and common work. With these tools a well-operated system can be realized and the most important knowledge will be preserved in the company. The leaders have to see and understand that this way might lead to success in the market.

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