

CRITERIA AND FACTORS USED BY MANAGERS IMPLEMENTING THE KNOWLEDGE-BASED MANAGEMENT IN TOURISM SMES

Popescu Dan

Academy of Economic Studies Bucharest, Faculty of Management

Ciocârlan-Chitucea Alina

Academy of Economic Studies Bucharest, Faculty of Management

State Cristina

Academy of Economic Studies Bucharest, Faculty of Management

Petruș Cătălin

Academy of Economic Studies Bucharest, Faculty of Management

Knowledge-based economy requires both in Romania and internationally, the presence of intelligent organizations, with advanced management capabilities of their collective skills, as sources of performance. As a result, worldwide, more than ever, knowledge is accepted as one of the main sources of competitive advantage.

Small and medium sized enterprises (SMEs) are the most dynamic and vital factor of progress in the contemporary society, main generator of economic performance and substance in any country, employment opportunity provider for most of population, major contributor to the national budget, and engine to improve the living standard of the population.

SMEs represent 99% from all enterprises, drawing up the main human resource agglomeration. In this context, knowledge-based management approaches are inevitable, arising from systemic complexity that goes beyond the rigid hierarchies and traditional practices and entails the emergence of non-hierarchical organizational structures.

Keywords: knowledge-based management, small and medium enterprises, managers, tourism

The article's JEL code: M3, M31, L81

Introduction

Research shows that learning activities, carried out individually, are not transferred, with ease, at the organizational level (Garratt B. 1999, pp.202-207). On the other hand, new technologies available inside the organizations allow their employees to work, think and act globally (Massey C., Walker R. 1999, pp.38-47), but also to innovate, at a scale and pace out of reach until now (Carroll J.S. 2008, p.57). Today, worldwide, all great managers recognize that in order to collaborate and to lead effectively, we need a completely different type of management (Bar-On R., Elias M.J. 2007, p.64), different from the one based on the authority that comes from the hierarchical scheme of the company (Torbert W. 1994, pp.57-70).

To develop tools, techniques and systems capable of allowing organizations to overcome these limits and to fully benefit from a performing management (Reuchlin M. 1989, p.19-32), adapted to the global knowledge economy era (Pemberton J., Stonehouse G. 2000, pp.184-193), all these organizations need complex research, adapted to the cultural and economic reality (Osborn A.-F. 1999, pp. 113-129), research integrated with a solid theoretical basis (Simonin B. 1997, pp.1150-1174).

As a result, worldwide, more than ever, knowledge is accepted as one of the main sources of competitive advantage (Harvey, Denton J. 1999, p.897-918). In this context, the ICT spectacular development influenced decisively the capacity of organizations (Daft R., Weick K. 1994, pp.284-295) - regardless of their size - to acquire, store, use and disseminate knowledge (Palmer J. 1999, pp.34-56).

Like the knowledge-based economy, the knowledge-based management is a relatively recent concept in the vocabulary and mental models of practitioners (Swieringa J., Wierdsma A.F.M. 1992, p.45-68); it appeared in response to the many challenges of the organizational change (Pedler M. 1999, pp.537-540).

Since the 90s, the learning organization has become synonymous with performance and sustainable success (Vygotski L. S. 1998, pp.41-43), being a model for an organization continuously concerned about knowledge-based management and adapting to the environmental changes and shaping its internal structure depending on this external environment (Hedberg B. 1999, p.3-27).

The Romanian organizational environment has not taken exception from the global trend of orientation towards knowledge but due to the lack of strategic options (Addicott R., McGivern G., Ferlie E. 2006, p.87-94), the tendency manifested unsystematically (Elkjaer B. 2001, pp. 437-452), and especially in the informal plan.

To ensure feasibility of organizational learning projects in the Romanian context requires joint efforts of the information technology (Landau S., Everitt B.S. 2004, pp.234-256) together with an adequate managerial and educational support (Ferry G. 2005, p.59-73). In this context, at national level, the following are very important:

(1) Form and train the human resources with skills in the knowledge-based management and related fields (Uit Beijerse R.-P. 2000, pp.94-109);

(2) Official recognition of new professions and occupations related with the knowledge-based management and organizations (Dibella A., Nevis E. 1997, pp.178-257).

Knowledge-based management requires both in Romania and internationally, the presence of intelligent organizations, with advanced management capabilities of their collective skills, as sources of performance (Chivu et al. 2009, p.36-78).

SMEs represent the most numerous and important category of enterprises, with multiple economic, technical and social functions (Popa et al.2009). SMEs are the most dynamic and vital factor of progress in the contemporary society, main generator of economic performance and substance in any country, major contributor to the national budget, and engine to improve the living standard of the population. Representing 99% from all enterprises, SMEs are drawing up the main human resources agglomeration. Furthermore, SMEs generate the most of Gross Domestic Product (GDP) in every country - usually 55%-95%, provide employment for most of population (Popescu et al. 2010, pp.46-50).

In the context of The European Union forming a group of countries with the most intense concerns and performance in supporting and encouraging SMEs (Bancroft N.H. 1996, pp.41-57), knowledge-based management involves an uniformity of managerial practices and organizational behaviours (Smith-Easterby M., Lyles M. A. 2006, pp.145-153).

Investigating the correlation between managers approach to motivating the human resources and organizational activity performances, represents the start-up of a research that could lead us to results to be developed afterwards (Moilanen R. 2005, pp.71-89). For instance, the influence of superior-trained and well-motivated human resources on the SMEs outcomes (Leleu P. 1995, pp.178-235), can be extended to the influence upon the economy service sector.

Main objective of the paper:

The present paper aims to analyze, as a consequence of managers opinion regarding the knowledge-based management concerning the compatibility between positively motivated employees and superior performances of the SMEs they belong to.

Research Methodology

The methodology used is a logical consequence of the research questions applied within the survey, representing a first step in choosing the qualitative/quantitative approach. For our research, the key question is: In what measure managers from the SMEs that activate in the field

of tourism consider that positively motivated employees determine highly organizational performances (as a result of knowledge-based management practices)?

We have chosen the qualitative path as it refers to managers opinion upon employees motivation-employees performance connection.

Acknowledging the importance of knowledge-based management and SMEs performances, we realized a study on a sample of 117 respondents that belong to SMEs from tourism domain, both in Romania and Spain: Accommodation, Restaurants, Passenger Transports, Travel Agencies and Cultural Tourism Organizations, from different regions of the two countries taken into consideration, measuring 19 variables. The results are based on a study performed in September and October 2010 in different regions of two European Union's Country members (Romania and Spain) and confirm the research hypothesis regarding the knowledge management and its contribution to SMEs performances.

Research design: in fundament the research, we have taken into consideration the numerous answers received from the 117 respondents. Each question was formulated in order to answer, directly or indirectly to the research hypothesis. The questionnaire includes general, easy-to-answer, closed questions, in order to make the tasks easier for the respondent. A second part is reserved to issues regarding the SMEs profitability and economic performances and the third part refers to human resources performances. The main purpose of the research is strongly connected to the answers received from the second and third part of the questionnaire.

The first set of questions (1-6) is indirect ones, related to the purpose of the research. They refer to organization size, tradition and other factors that may influence the basic features of the organization dimension and activity. Their purpose is to fix the analyzed entities into a specific, determinate area of investigation. In this context, we appreciate those basic factors as market experience, number of employees or field of activity, may influence, in different ways, the quality and the work results of the employees.

The second part (questions 7-14) aims to get indirect answers in order to establish human resources work outcomes within the organization (expressed by the productivity evolution).

Third part of the questionnaire (questions 15-20) is directly related to human resources practices (which is the managers opinion about the motivation alternatives) and to material and non-material stimulants and facilities given to employees.

First, the authors obtained the validity of the questionnaire on core values employed in this study. The initial version of the questionnaire was sent as a pilot survey to Spain SMEs in order to ensure the accuracy of questions relative to the core values. After completing the questionnaire, feedback was asked to managers for improving questions precision. Afterwards, a revised version of the survey was sent to Spain and Romanian SMEs.

The data was analyzed using Statistical Packages for Social Scientists (SPSS) 16.0 and yielded multiple results that are presented synthetically in the present paper. Therefore, the most significant results are highlighted, with a focus on the profile characteristics, and the detailed secondary correlations.

Work method: Primary data, through structured questionnaire, were collected from a sample of 117 respondents (response rate of survey: 56,80%), randomly selected from among the SMEs engaged in tourism types of activity. The survey elaborated by the researchers group consisted of 20 items. The research adopted a survey method to collect data on the SMEs general characteristics (field of activity, form of property, market experience, geographical position, legal form of organization), organization performance (turnover and profit evolution, tangible assets contribution, average number of services, organization's turnover structure, first three clients and suppliers importance), human resources performance (employees level of motivation, education, average number of training days, average wage, facilities for employees).

Results obtained

Some of the significant findings of the study tested under the Pearson chi-square assumptions are given below.

The importance given by managers to employees' social activities tends to decrease as the size of the organization becomes larger.

The importance given by managers to Social Processes is not distributed similarly across different Size of the organizations and small size enterprises are more likely to give importance to employees' social activities than bigger ones (Table 1).

The number of employees of the organization	Importance given to employees' social activities			
	Low	Average	High	Total
1-9	14.5%	61.3%	24.2%	100.0%
10-49	26.0%	64.4%	9.6%	100.0%
50-249	66.2%	21.5%	12.3%	100.0%
Total	35.5%	49.5%	15.0%	100.0%

Table 1: Importance given by managers to Social Processes

The use of planning techniques and knowledge-based management approaches in the organization is not correlated with the level of educational background (Business and Social Sciences – Other types of study). This dependent variable proved to be associated with the independent variable Specific Managerial Studies. The chi-square significance test measures the likelihood that the observed association between the independent variable Specific Managerial Studies Undertaken and the dependent variable Use of Planning Techniques is caused by chance and yielded a result of 0.001.

The information is provided in Table 2.

		Use of planning techniques			
			Yes	No	Total
Specific Managerial Studies	yes	Count	28	18	46
		% of Total	23,5%	16,0%	39,5%
	no	Count	28	43	71
		% of Total	22,0%	38,5%	60,5%
	Total	Count	54	63	117
		% of Total	45,5%	54,5%	100,0%

Table 2: Specific Managerial Studies and Use of planning techniques

A similar result was obtained for the dependent variable Use of career plan for employees, which has a chi-square significance test result 0.011 indicates in correlation with the independent variable Specific Managerial Studies. As in the previous case, the use of a career plan in the firm is significantly higher in the case of the entrepreneurs who benefited from some sort of managerial studies and trainings, beside their academic background (Table 3).

		Use of career plan for employees			
			Yes	No	Total
Specific Managerial Studies	yes	Count	12	34	46
		% of Total	10,5%	29,0%	39,5%
	no	Count	9	62	71
		% of Total	7,5%	53,0%	60,5%
	Total	Count	21	96	117
		% of Total	18,0%	82,0%	100,0%

Table 3: Specific Managerial Studies and Use of Career Plan

It was tested also the correlation of this dependent variable with the level of Academic Education of the managers and with the Field of the Educational Background, but the results were also not significant, which indicates that the use of knowledge-based management approaches linked to organizational strategy is influenced by another variable which can not be captured by a qualitative research and requires an individualized quantitative approach.

According to these definitions of the concept the main characteristics of *knowledge-based management* and their compatibility with the result of our study are the following:

- Provides continuous knowledge opportunities for its employees in the form of training or other employee development activities. 45% of the interviewed entrepreneurs said they offer some kind of internal or external training to their employees and there is an increasing trend in this direction, sustained by the entrance on the Romanian market of several international consultancy and recruitment organizations.
- Is continuously aware of and interacts with its environment, feature that can be translated into the acknowledgement of the importance to collect data from the environment and the interest for innovative information technologies. Although 56% of the organizations do not collect external data on a regular basis, 95% of the entrepreneurs are aware of the importance of the new communication and information technologies to the development of the firm.
- Links individual performance with organizational performance. In terms of Planning and Strategy, SMEs from Romania are still in an incipient stage. Planning is used to a higher extent in 45.5% of the cases, but a career plan for employees exists in only 18% of the firms and there is a small declared linkage of the human resources recruiting strategy to

organizational objectives. The management of the organization is in these conditions mainly intuitive and does not apply the rules and rigors found in large companies. By their nature, SMEs nurture with their reduced dimensions and small number of employees, the existence of a less rigid business work frame.

- Develops collective as well as individual knowledge approaches. This characteristic is also sustained by the fact that 75% of the entrepreneurs encourage the employee's involvement in other areas than those specified in their job description. A less favourable characteristic revealed by the study is that in SMEs the predominant way of working is still very individualist, the majority of the respondents (45%) neglecting the benefits of team work for the organization.

Conclusions

The international work experience provides the scientists with the opportunity of expanding their know-how and know-who, which in turn could bring important benefits for their organization and country of origin. Such benefits may consist in enhancing research productivity and quality, better connecting the internal research activity to the international scientific circuit and, ultimately, stimulating the national economic development, in general.

Considering the current problems in Romania's knowledge-based management approaches, any action plan directed towards scientists' repatriation may have limited impact. Therefore, in the short term, we recommend to stimulate and facilitate temporary, short-term collaborations between researchers and academic personnel in the country and their peers abroad. This can be done by: creating part-time jobs in universities / research laboratories for scientists residing abroad; organizing international conferences, symposia and workshops in the country concerned; inviting highly skilled migrants (and their foreign colleagues) to collaborate in projects in that country and so on.

In the medium to long term, a more radical approach should be adopted, for a better integration of the national academic and research system in the international scientific circuit. For a maximum efficacy, this approach should have both a financial dimension (adequate investment in research) and a "cultural" dimension (changes in mentalities, attitudes, criteria used for performance assessment, promotions, compensation etc.). Based on the participants' input, this is extremely important for enhancing the research sector and attracting scientists (both national and foreign scientists) towards Romania (and other countries faced with similar challenges).

References

1. **Addicott R., McGivern G., Ferlie E.** 2006. Networks, Organizational Learning and Knowledge Management, Public Money&Management, Oxford, Vol. 26 (2), April 2006, pp. 87-94, 138 pg., ISSN 1467-9302
2. **Argyris, C.** 1999. On Organizational Learning, Blackwell Publishing, London, 1999, pp.29-47, 454 pg., ISBN 0-631-21308-2
3. **Bancroft N.H.** 1996. Implementing SAP R/3, How to introduce a large system into a large organization, Prentice-Hall, New York, 1996, pp.41-57, 266 pg., ISBN 0-13-26217-1
4. **Bar-On R., Elias M.J.** 2007. Educating People to Be Emotionally Intelligent, Praeger, London, 2007, pp.59-78; 89-93, 344 pg., ISBN 978-027-599-363-4
5. **Carroll J.S.** 2008. Synthesis of Organizational Learning Themes, MIT Sloan Management Review Nr. 3/2008, New York, ISSN 1532-9194
6. **Chivu I. (coord.)** 2009. Învățarea organizațională și dezvoltarea resurselor umane, ASE Publishing, Bucharest, 2009, pp.12-29; 38-48; 59-78, 226 pg., ISBN 978-606-505-256-7 - Paper appeared under the aegis of the Research Project CNCSIS – PCE – PROIECT IDEI no. 1844/2008-2011

- 7. Daft R., Weick K.** 1994. Toward A Model of Organizations As Interpretations Systems, Academy of Management Review, New York, Vol. 9, No.2/1984, pp.284-295, ISSN 0363-7425
- 8. Dibella A., Nevis E.** 1997. How Organizations Learn: An Integrated Strategy for Building Learning Capability, Jossey-Bass Publishing, London, 1997, pp. 89-113; 178-257, 240 pg., ISBN 978-078-791-107-2
- 9. Elkjaer B.** 2001. The Learning Organization: An Undelivered Promise, Management Learning, New York, Vol.32, Nr.4, pp. 437-452, 2001, ISSN 0269-4246
- 10. Ferry G.** 2005. Pedagogia de la Formacion, Novedades Educativas, Buenos Aires, 2005, pp.59-73, 126 pg., ISBN 978-987-919-114-9
- 11. Garratt B.** 1999. The Learning Organization 15 Years On: Some Personal Reflections, The Learning Organization EGPL, London, Vol.6, Nr.5/1999, pp.202-207, ISSN 0969-6474
- 12. Harvey C., Denton J.** 1999. To Come of Age:The Antecedents of Organizational Learning, American Journal of Management Studies, New York, Vol. 36, Nr.5/1999, pp.897-918, ISSN 0022-2380
- 13. Hedberg B.** 1999. How organizations learn and unlearn, in Nystrom, P., Starbuck, W, (Eds), Handbook of Organizational Design, Oxford University Press, Oxford, 1981, No. 1, pp.3-27, ISSN 0260-2105
- 14. Landau S., Everitt B.S.** 2004. A Handbook of Statistical Analyses using SPSS, Chapman & Hall/CRC Press/CRC, London, 2004, 354 pg., ISBN 978-158-488-369-3
- 15. Leleu P.** 1995. Le Développement du Potentiel des Managers – La Dynamique du Coaching, L'Harmattan, Paris, 1995, pp.178-235, 316 pg., ISBN 978-273-843-733-4
- 16. Massey C., Walker R.** 1999. Aiming for Organizational Learning: Consultants as Agents of Change, The Learning Organization EGPL, London, Vol. 6, Nr. 1/1999, pp.38-47, ISSN 0969-6474
- 17. Moilanen R.** 2005. Diagnosing and measuring learning organizations, The Learning Organization EGPL, London, Vol. 12 (1)/2005, pp.71-89, ISSN 0969-6474
- 18. Osborn A.-F.** 1999. Your Creative Power, 3rd Ed., Purdue University Press, New York, 1999, pp.113-129, 182 pg., ISBN 978-156-946-055-9
- 19. Palmer J.** 1999. The Human Organization, Journal of Knowledge Management, No. 1(4)/1998/1999, pp.294-307, ISBN 978-190-663-846-7
- 20. Pedler M.** 1999. Accessing Local Knowledge: Action Learning and Organizational Learning in Walsall, Human Resource Development International Review, Vol. 5, Nr. 4/Dec. 2002, pp.523-528; 537-540, ISSN 1469-8374
- 21. Pemberton J., Stonehouse G.** 2000. Organizational learning and knowledge assets – an essential partnership, The Learning Organization EGPL, London, 2000, Vol. 7, Nr. 4, pp.184-193, ISSN 0969-6474
- 22. Popa I., Dobrin C., Profiroi A., Verboncu I.,** Public Sector Strategy Set up. Transylvanian Review of Administrative Sciences, (25E), pp. 82-91, 2009.
- 23. Popescu D., Scarlat C., Chivu WE., Ciocârlan-Chitucea A., Popescu D.-O., Artenie C.** 2010. Entrepreneurship in the Romanian Learning Organization, Metalurgia Internațional Magazine, Bucharest, Vol. XV, nr.6/2010, pp.46-50, quote CNCSIS A - ISI (480), ISSN 1582-2214
- 24. Reuchlin M.** 1989. Individual Differences: An Experience in Human Relations for Children, Marlene Cummings Publishers, London, 1989, pp.19-32, 40 pg., ISBN 978-068-674-912-7
- 25. Simonin B.** 1997. The importance of collaborative know-how: An empirical test of the learning organization, The Academy of Management Journal, New York, Vol. 40, Nr.5/1997, pp.1150-1174, ISSN 0001-4273
- 26. Smith-Easterby M., Lyles M. A.** 2006. Handbook of Organizational Learning and Knowledge Management, Blackwell Publishing Ltd., London, 2006, pp.11-15; 145-153, 696 pg., ISBN 978-063-122-672-7

- 27. Steyer R.** 2001. Classical (Psychometric) Test Theory, International Encyclopaedia of the Social and Behavioural Sciences, Oxford - Pergamon, 2001, pp.1955-1962, ISBN 978-008-043-076-8
- 28. Swieringa J., Wierdsma A.F.M.** 1992. Becoming A Learning Organization: Beyond the Learning Curve, Addison-Wesley, Wokingham, London, 1992, 154 pg., ISBN 0201-6275-31
- 29. Torbert W.** 1994. Managerial Learning, Organizational Learning, Management Learning Review, New York, Vol. 25, Nr. 1/1994, pp.57-70, ISSN 0269-4246
- 30. Uit Beijerse R.-P.** 2000. Questions In Knowledge Management: Defining and Conceptualising a Phenomenon, Journal of Knowledge Management, New York, No. 3(2)/1999 /2000, pp.94-109, ISBN/ ISSN 978-190-663-846-7
- 31. Vygotski L. S.** 1998. Mind in Society: The Development of Higher Psychological Processes, Harvard University Press, 14th Ed., New York, 1998, pp.41-43, 159 pg., ISBN 978-067-457-629-2

Acknowledgements

This article is a result of the exploratory research „The Professional Development of Human Resources from the Sector of Small and Medium Enterprises and its Economic and Social Impact”- research contract for the business environment no.001/31.01.2012/DCE, won by international competition and coordinated by The Academy of Economic Studies from Bucharest.