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## **Chapter XXII**

# **Knowledge Strategic Management in the Hospital Industry**

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### **ABSTRACT**

*This work examines the role of knowledge in the strategic process in the hospital industry. The research method consists of multiple case studies with eight hospitals located in Brazil. We analyzed the relationship among information, knowledge and capability creation. The cases shown that knowledge dissemination is a current management practice. Nevertheless, just one case presented a clear idea of the strategic role of knowledge management. Based on this evidence, we propose a three-step theoretical model related to the strategic management of knowledge. Most of the cases analyzed are in the first stage of the proposed model. On the other hand, the hospital in the third stage presented the following characteristics: a clear strategic focus related to knowledge access, dissemination and application, a mix of formal and informal practices related to knowledge creation, and a propitious internal environment in order to develop its capabilities.*

### **INTRODUCTION**

Considering the complexity of hospital organizations, they have to keep up with ongoing advancements in technology, improvements in service throughout their facilities, new generations of medical equipment and continuous development of their competences.

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Hospital organizations employ a high number of qualified professionals, offering highly specialized services. Thus, a hospital has a large demand for coordination of its activities. Its management systems have to be constantly developing, with a permanent need to seek and disseminate new knowledge.

Therefore, this study aims at presenting relevant aspects within the current competitive environment when investigating strategic knowledge management in hospitals. Organizational knowledge is one of its core aspects. In addition to that, there is also the concern of integrating this study in a context of its management: internal competencies, the use of internal and external information, and cross-functional activities. We describe SIPAGEH (Standardized Measurement Systems for Hospital Management) in detail as the main source of information for the hospitals studied.

Based on these assumptions, strategic knowledge management in hospitals is analyzed from a decision standpoint, which seeks creating and developing the organization's internal competences. That analysis encompasses the information used, the way the process is carried out, and the hospital's competitive environment.

This chapter is organized as follows: the theoretical framework regarding strategic knowledge, the method adopted by the study, the analysis of the relationship between information, knowledge and competence creation, and finally, conclusions.

## **THEORETICAL FRAMEWORK**

### **Organizational Knowledge and the Current Context**

Drucker (1999) maintains that in the new economy of knowledge, this knowledge is not only one more resource alongside traditional production factors — labor, capital and land — but, in effect, the only significant resource nowadays. The author argues that knowledge is becoming the main resource and is what makes the new society so unique. Drucker (1999) and Toffler (1994) share Quinn's (1980) view that the economy and production power of a modern company is based on its intellectual and service capabilities rather than its fixed assets such as land, facilities and equipments. In the hospital organization, this scenario is no different. In this context, understanding that knowledge is a differential factor that needs to be disseminated and internalized by the multi-professional team is still a present challenge. Creation of new knowledge is not only a question of learning from others or acquiring external knowledge. Knowledge must also be internally built, often demanding an intensive interaction between organization members.

Learning and shared skills must be internalized in order to generate knowledge — that is, modified, enriched and translated so as to adjust to the company's identity.

As organizational knowledge, we understand the capability of a company to generate and disseminate knowledge in the organization, incorporating it into products, services and systems (Nonaka, 1995). According to Davenport and Prusak (1998), knowledge is derived from information just as information is derived from data. Considering that knowledge is close to action, the employees' know-how feeds the organization's functioning. Knowledge underlying the company's routines and practices is transformed into valuable products and services, resulting in the main asset of organizations.

Knowledge, being imperfectly imitable and transferable, might lead to sustainable competitive advantage. The main source of competitive advantage is what a company

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