Chapter 83

Knowledge Sharing Barriers in Procurement:
Case of a Finnish-Based Construction Company

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ABSTRACT

This chapter introduces knowledge management as a means to analyse the process of knowledge sharing in organisations, specifically knowledge-sharing barriers faced by companies in procurement on the level of an individual employee, as well as at the level of an organisation. It argues that at the individual level knowledge sharing process is frequently hoarded by internal resistance, lack of trust, insufficient motivation, gap in awareness and knowledge, and at the organizational level, by bureaucracy and hierarchy, paradigm incoherency, lack or organisational reciprocity, absence of common legitimate language, organisational and national cultures, competition between the business units and departments, poor communication infrastructure, and localization. The chapter does not aspire to provide a complete list of the knowledge-sharing barriers faced by the companies within procurement but instead to draw attention to the complexity and problematic of the knowledge-transfer process. Awareness of the potential knowledge-sharing barriers allows the managers and companies to proactively respond to these challenges and develop solutions for a specific organisation.

INTRODUCTION

In today's hyper-competitive global market place it is pivotal for enterprises to manage not only tangible resources but also to exploit intangibles. A consequent outcome of this understanding has been the surge of interest in knowledge management among both academics and practitioners (Nonaka & Takauchi, 1995; Davenport & Prusak, 1998; Hall & Paradice, 2005.) The main reason is that it represents a real challenge for global business (Kalkan, 2008). Another rationale is an

emerging consensus that perhaps the most important source of sustainable competitive advantage in an increasingly turbulent business environment is knowledge. The organisational capability to create, recognize, disseminate widely, and embody knowledge in new products and technologies, i.e. to effectively manage knowledge, is critical when an organisation is faced with shifting markets, rapid product obsolescence, and financial upheavals. (Nonaka & Takeuchi, 1995.)

Allee (1996) defines knowledge management as "much more than managing the flow of information. It means nothing less than setting knowledge free to find its own paths. It means fuelling the creative fire of self-questioning in organisations. This means thinking less about knowledge management and more about knowledge partnering." It has become evident that organisations must master the act of integrating disparate sources of knowledge found within their bounds in order to maintain its sustainability (Grant, 1996). The task of integrating disparate pockets of knowledge within a firm is complicated by the fact that enterprises operate in a global context. Knowledge is hence spread over a wider spectrum and is meshed in a broad assortment of contexts. Therefore, managers struggle with devising strategies for managing and integrating knowledge leading to generating innovations and intellectual capital. (Desouza & Evaristo, 2003.)

Being a complex phenomenon, knowledge management involves myriads of processes and techniques where flawless knowledge sharing, according to Hong et al. (2011), is the most important critical success factor of all knowledge management strategies (Hong et al., 2011). Effective knowledge sharing practices allow individuals to reuse and regenerate knowledge at the individual and organisational level. In procurement, information exchange has become a prerequisite to achieve synchronized information flows. Without the flow of basic information and knowledge in supply chains, firms simply cannot compete in the modern business environment. (Thomas et al., 2011.) A lack of buyer–supplier information flow increases operational redundancies, conflicts and confusion resulting in inefficiencies ripping up and down the entire supply chain (Handfield & Nichols, 2002). However, at the heart of knowledge sharing, two types of bottlenecks exist – individual and organisational barriers. Examples of individual barriers include internal resistance, trust, motivation, a gap in awareness and knowledge, etc.; organisational barriers consist among others of language, conflict avoidance, bureaucracy, distance, structure, etc. (ibid). The situation is further complicated by an increasingly complex business environment characterized by greater globalization and consequent information overload for senior management. Concurrently, advances in information and communication technologies in the form of computer-supported cooperative work systems, groupware, internet and intranet offer capabilities for developing effective solutions to the knowledge sharing management problem. The issues referred to above have revealed themselves in a more acute form within procurement processes for which the forces of global integration, local differentiation, and worldwide innovation have become more compelling. (Davis et al., 2005.) The main research question of this paper emanates from the above discussion and can be formulated as follows:

What are the main knowledge-sharing barriers faced by the companies in the procurement process at the level of an individual employee, as well as at the level of an organisation?

The research approach is visualised in Figure 1, in which the individuals form an organisation and the information flows are continuous processes except for the existing knowledge sharing barriers. This research paper concentrates on the individual and organisational level in respect to the case company's procurement function as the interviewed people represented procurement personnel from operational, tactical and strategic level.

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