

Chapter 84

Knowledge Management Practice at a Bulgarian Bank: A Case Study

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ABSTRACT

This chapter reports on knowledge management (KM) practices in the customer service and lending departments of one of Bulgaria's top retail banks and investigates how KM processes can be further improved. The Bank's KM activities have been studied using observations, interviews and informal discussions for data collection. Findings were compared and contrasted with existing literature in similar contexts. Although rudiments of knowledge sharing are evident from the KM activities in different departments of the bank, the limitations such as resistance to change of the implemented KM systems are impeding the effectiveness of the knowledge management process. More training and incentives are needed to increase knowledge creation and sharing. Moreover, a clearly articulated KM strategy along with success criteria and commitment and support from senior management is needed. There is a severe lack of knowledge management studies in Bulgarian context in general and Bulgarian banking sector in particular. The authors' findings will potentially help in improving knowledge sharing practice as well as provide a valuable insight into knowledge management related issues in the Bulgarian context. The findings from this research can be useful to companies from Eastern Europe and other regions in improving their knowledge sharing practice.

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1. INTRODUCTION

The main aim of this paper is to analyse the knowledge management (KM) practices in the customer service and lending departments of Bank A, Bulgaria (the real name of the bank has been kept confidential following request from the bank). The paper highlights the most significant characteristics to illustrate the bank's innovation and customer-focused strategy. The explanation of KM activities in the customer-service and lending departments includes description of the types of knowledge handled and analysis of the core KM practices – knowledge generation, retention and transfer, considering environment, people and technology. The analysis of the management of knowledge in the chosen departments is based on Nonaka's (1991) four modes of knowledge conversion which constitutes the knowledge creation process and examines the extent to which knowledge sharing is embedded into the organizational culture:

The area of knowledge management began to attract the attention of business practitioners and academics during the 1990s and has been promoted as an important contributor towards innovation and competitive advantage (Guchait et al. 2011). Researchers make a distinction between knowledge and information, for example, Nonaka and Takeuchi (1995) define information as a stream of messages and knowledge as information (in context of the individual, organization, and society); based on which actions and decisions can be taken. More simply, Wang and Noe (2010, p.117) consider knowledge as "information processed by individuals." Thus, knowledge management is the creation, storage, dissemination and application of knowledge at individual or organizational level, depending on the context.

The focus of this paper is on the knowledge sharing aspect of KM. Knowledge sharing in organizations is perceived as "the behaviour by

which an individual voluntarily provides other members of the organization with access to his or her knowledge and experiences" (Cyr & Choo, 2010). Knowledge is often referred to as 'tacit' and 'explicit'. Nonaka (1991) explains that tacit knowledge is highly personal and difficult to capture and communicate whereas explicit knowledge is formal, systematic and easy to share and communicate. Matzler et al. (2008) assert that knowledge, when shared, consists of both tacit and explicit dimensions. The management of both tacit and explicit knowledge entails improvement in the flow of information, as well as reducing bottlenecks and obstructions; hence ensuring that decision-makers will have access to information (Samoff & Stromquist, 2001). In this context, the sharing of knowledge becomes an important aspect of knowledge management. It is believed that knowledge sharing can positively affect organizational performance; and successful companies constantly generate, manage and utilize new and old knowledge for designing their products and services and improving their business processes in order to gain and sustain competitive advantage in their markets (Christensen, 2005).

Despite an abundance of literature on knowledge management, we found no study focussing on knowledge management in the Bulgarian banking and financial sector. The Bulgarian banking sector lies in a considerably different context from the developed world where knowledge management in the banking industry has been conducted more often than not. The findings of this paper will potentially help improve knowledge management and knowledge sharing practices in the Bulgarian banking industry. Moreover, the analysis of the KM practices in an organization from the emerging market of Eastern Europe can be useful to companies from Eastern Europe and other similar regions in improving their knowledge sharing practice. KM related literature so far has largely concentrated on developed countries with only a few examples from the developing world. This gap is more noticeable when it comes to the

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