

Chapter 4

Preparing for Change: Leveraging Knowledge Activities to Enhance Organisational Preparedness in the Case of an Irish Software SME

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ABSTRACT

In the current climate, preparing for change is an issue for companies large and small. However, there remains a dearth of empirical evidence that highlight how software Small to Medium Sized Enterprises (SMEs) operationalise their approach to knowledge management (KM) as a means of preparing themselves for the future. For an SME, the first step is to take stock of the types of knowledge that are valuable to the business, where it is stored and how it is used. In addition, consideration must be given to knowledge activities (KA), the constituent parts, of a company's KM approach. By doing this, the organisation can identify where its strengths lie in terms of the type and extent to which knowledge is managed through acquisition, codification, storage, maintenance, transfer and creation activities. Using a qualitative analysis approach in a single case study, this chapter identifies occurrences of these knowledge activities as a means of assessing an SME's approach to KM with a view to better facilitating an organisation's ability to be increasingly flexible in the face of a changing environment.

INTRODUCTION

As the number of SMEs continues to grow through challenging economic times, where entrepreneur-

ship is increasingly encouraged, the importance of understanding how smaller organisations manage what they know has become imperative to their survival. SMEs by their very nature differ from multinational enterprises (MNEs); therefore an SME's KM approach differs to that implemented

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by larger organisations. While some argue that knowledge may be successfully managed in a smaller firm, it is evident that a more formalised approach to KM to access the right knowledge at the right time e.g. to compensate for the loss of a knowledge worker or ‘to avoid reinventing the wheel’ when designing new products or services, or during software development for instance, allows the firm to better prepare themselves to deal with opportunities and threats as they arise. Although extant research draws on KM studies in large organizations, it is important to realise that the issues faced by SMEs are not scaled down versions of large business experiences (Welsh and White, 1981; Sparrow, 2000). By their nature SMEs experience “*resource poverty*” (Welsh and White, 1981, p18) such as lack of time, financial and human resources (Welsh and White, 1981; Lee and Oakes, 1995; OECD, 2002). Kraaijenbrink *et al.* (2006) concur with this view, arguing that it is not the size of a SME that makes them different from large organisations; it is the lack of economies of scale. As a result, marginal changes in the organisation’s environment have a greater impact on smaller organisations in comparison to their larger counterparts (Welsh and White, 1981).

The objective of this chapter is to explore the KA of a software SME, HelpRead Ltd. This chapter is structured as follows. Firstly, existing literature is investigated to establish and classify KA. The research approach leveraged in this study is presented and a background to the HelpRead Ltd. case is then considered. Subsequently, using the classification of KA, the case is examined in terms of the knowledge types and activities leveraged by this firm to support their knowledge requirements. Finally, this chapter illustrates how this company manages important knowledge and highlights where the firm could improve its ability to prepare for changes that may occur both inside and outside the organisation.

MANAGING KNOWLEDGE IN SMEs

While data and information are considered in terms of being static, knowledge is defined as having characteristics of movement (Barthelme *et al.*, 1998); of being “*information in action*” (O’Dell and Grayson, 1998, p5). According to Davenport and Prusak (1998, p6) “*one of the reasons that we find knowledge valuable is that it is close-and closer than data or information- to action*”. From this perspective, it is improvements in the availability and quality of organisational knowledge which leads to improved actions/decisions taken by the organisation. “*We can use it to make wiser decisions about strategy, competitors, customers, distribution channels, and product and service life cycles*” (Davenport and Prusak, 1998, p6). The complex task of managing organisational knowledge in and of itself is a significant endeavour; accordingly it is imperative that this is broken down into its constituent parts or activities. Like many areas of knowledge management, the consideration of actions or activities that result in knowledge management is well contested amongst researchers. Previous researchers (Choo, 1996; Holsapple and Whinston, 1987; Huber, 1990; Kraaijenbrink *et al.*, 2006; Nonaka, 1991; Pentland, 1995; Szulanski, 1994; Holsapple and Joshi, 2004 and Wiig, 1993) use different terms to describe similar knowledge activities (KA). Many of these definitions share common verbs such as storing, creating and applying knowledge in an organisational context. This research takes a balanced view of knowledge activities, discounting the activities proposed by Leonard-Barton (1995), as they have a sole technical focus. In addition, Nonaka’s (1991) knowledge activities are directly related to knowledge creation and are integrated into a single *creation* activity. For the purpose of this research a knowledge activity is defined as “*transactions or manipulations of knowledge where the knowledge is the object not the result*” (Kraaijenbrink *et al.*, 2006, p23). Based on extant research, a refined set of six KA is presented in

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