

## Chapter 4

# People–Focused Knowledge Sharing Initiatives in Medium–High and High Technology Companies: Organizational Facilitating Conditions and Impact on Innovation and Business Competitiveness

**Nekane Aramburu**  
*University of Deusto, Spain*

**Josune Sáenz**  
*University of Deusto, Spain*

### **ABSTRACT**

*The aim of this chapter is to analyse the organizational conditions that foster the development of different people-focused knowledge sharing initiatives in medium-high and high technology companies, as well as the degree of influence of those initiatives on the ideation stage of innovation processes. Finally, considering that successful innovation is the one that helps to improve business competitiveness, the degree of influence of this innovation capability dimension on company performance is examined. For these relationships to be tested, an empirical study has been carried out among medium-high and high technology Spanish manufacturing firms with more than 50 employees and which carry out R&D activities. To this end, a questionnaire has been designed and submitted to the CEOs of the companies making up the target population of the research. Structural equation modelling (SEM) based on partial least squares (PLS) has then been applied in order to test the main hypotheses of the research.*

DOI: 10.4018/978-1-4666-1945-6.ch004

## INTRODUCTION

Since the last decade, the study of knowledge has been one of the most important topics in the management arena (Nonaka, 1991; Nonaka & Takeuchi, 1995; Davenport & Prusak, 1998). Indeed, we are supposed to live in a “knowledge economy”, where intangible assets – and knowledge in particular – are the key sources for value creation (Brooking, 1996; Edvinsson & Malone, 1997; Stewart, 1997).

This idea is clearly reinforced by the existing relationship between knowledge creation and innovation (Nonaka, 1991; Nonaka & Takeuchi, 1995). In today’s economy, innovation is one of the main driving forces behind business competitiveness (Drucker, 1988; Shapiro & Varian, 1998; Sveiby, 1997). Along these lines, it is generally assumed that innovation depends on the accumulation and development of relevant knowledge of a wide variety (Fischer, 2001).

For new knowledge to be created, knowledge sharing between individuals is the key (Nonaka, 1991; Nonaka & Takeuchi, 1995; Nonaka, von Krogh & Voelpel, 2006). As a consequence, the study of different mechanisms and initiatives which could facilitate knowledge sharing represents an extremely relevant research topic. Many of these mechanisms take advantage of information and communication technologies (i.e. they are “IT-based” – Dalkir, 2005; Davenport, 2007) whereas, in other cases, personal interaction between individuals is the key (i.e. “people-focused” knowledge management; Wiig, 2004). A review of early literature on knowledge management gives clear proof of the prevalence of information technology (IT) focused research in this domain (Swan, Robertson & Nevell, 2001).

Taking this into consideration, the focus of this chapter will be on people-focused knowledge sharing (i.e. the type of knowledge sharing which involves personal or “face-to-face” interaction). In particular, the organizational conditions that foster the development of different people-focused

knowledge sharing initiatives (e.g. communities of practice, coaching, mentoring, employee functional rotation and other initiatives for knowledge sharing with external stakeholders) will be analysed, as well as the degree of influence of those initiatives on the ideation stage of innovation processes. Finally, considering that successful innovation is the one that helps to improve business competitiveness, the degree of influence of this innovation capability dimension on company performance will be examined. In other words, it is assumed that business competitiveness is related to superior performance (Cantwell, 2005).

Given their special focus on innovation, their extremely high knowledge intensity, and the degree of complexity of the knowledge being dealt with, medium-high and high technology companies will be under scrutiny in this research. As a result, these companies will be provided with a basic framework in order to shape their knowledge management strategies and in order to enhance their capability for generating new ideas and developing successful innovation.

## THEORETICAL FOUNDATIONS

### The Concept and Nature of Knowledge

A single definition of “knowledge” does not exist, but it is quite common to approach this concept by starting out from the hierarchical distinction between *data*, *information* and *knowledge* highlighted by Davenport and Prusak in 1998. According to these authors, *data* is a set of discrete, objective facts about events; *information* is a message, usually in the form of a document or audible or visible communication; and *knowledge* is a fluid mix of framed experiences, values, contextual information and expert insight that provides a framework for evaluating and incorporating new experiences and information.

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