

# KNOWLEDGE MANAGEMENT CHALLENGES FOR BULGARIAN ORGANISATIONS

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## ABSTRACT

Knowledge management (KM) is a new scientific discipline based on the rapid changes in information and communication technologies (ICT). In the knowledge-based economy, knowledge has become a key resource and success factor. Subsequently KM has gained a special attention among academic and business community during the last decades. This paper presents the main results of a survey on KM carried out in Bulgarian organisations in 2012.

## KEYWORDS

Knowledge management, small and medium enterprises, survey results.

## 1. INTRODUCTION

Contemporary global economy is very dynamic and uncertain, characterized by a high staff mobility, global competition and market volatility. Knowledge has gained a key role for ensuring high quality, efficiency and competitive advantages. Thus, acquiring new knowledge and effectively managing and using the existing one is an important condition for organisational growth. The efficient KM is considered as a key challenge for organisations world-wide. It comprises several activities focused on implementing corporate strategy and goals, and providing individuals timely with the knowledge resources that they.

Since its establishment each organisation continuously learns and develops its knowledge. However, many organisations do not take appropriate measures for its proper management as essential asset. A survey undertaken in 2006 in 7 European countries shows that small and medium enterprises (SMEs) are not ready for KM challenges (Gourova et al., 2007). Subsequently, in 2012 the survey was repeated among Bulgarian organisations in order to monitor the progress since 2006. This paper presents the survey methodology and provides an insight into the results obtained, as well as the KM challenges that Bulgarian organisations face.

## 2. KNOWLEDGE MANAGEMENT CHALLENGES FOR SME

In Europe, SMEs are considered as backbone of economic growth. EU policy takes special measures to support them to overcome the challenges of global competition, market volatility, and the present financial crises. The adoption of KM was driven by large organisations and consulting companies world-wide, which earlier recognized the need for KM in order to respond quickly to customers demands, create new markets, rapid develop new products and handle emergent technologies (Nunes et al., 2006). KM is recognized to be important for SMEs, as well, but it is making very slowly its way to them. One of the factors behind this is the insufficient awareness and understanding of KM among SMEs managers (Wong et al., 2004). Lack of vision, short-term planning, not sufficient technical expertise, lack of resources and methods to respond to the increasing customer expectations are also considered as serious barriers for KM in SMEs (Singh et al., 2008; Lefebvre et al., 2007; Nunes et al., 2006). Even knowledge-intensive SMEs often do not recognize the importance of KM due to the fact that their owners or chief managers do not perceive KM as a business

critical function. As stated by (Handzic, 2004), the KM introduction in SMEs starts with building KM awareness, and after that goes on with determining KM goals, evaluating the available knowledge resources, and finally, implementing those KM solutions that have the best potential to add value to the organisation.

The results of a survey among 199 SMEs in 7 countries (Greece, Bulgaria, Cyprus, Germany, Ireland, Austria and Romania) carried out in 2006 highlighted some barriers for KM implementation in SMEs. The lack of KM champions was considered as one of the major challenges, followed by management resistance, lack of experience in senior management, and lack of financial resources. Generally, cultural and organisational barriers turned to be the major KM barriers in the different countries (Gourova et al., 2007). As indicated in (Lefebvre et al., 2007) the main KM obstacles in SMEs include:

- *Time and priority* – managers often lack time and resources to focus on KM and the related processes for capturing, organising and sharing organisational knowledge;
- *Lack of management commitment* – managers focus on business processes and rarely support KM;
- *Fear to share knowledge* – managers are suspicious to share knowledge in order not to lose the company control and the competitive advantages;
- *Apathy about sharing knowledge* – the lack of management commitment is crucial for organisational culture and thus the staff motivation for sharing knowledge;
- *Lack of confidence and trust in consultant companies* – due to past negative experience with external consultants. However, without appropriate internal expertise, SMEs would hardly go for KM.

A number of preconditions exist which could facilitate the introduction of KM in SMEs. For example, SMEs have flatter structure and less management levels, more simple systems and procedures than large companies. At the same time, the organisational culture is easier to change and to adapt to KM needs as it depends normally on the attitude of the owner(s) of the company (Singh et al., 2008; McAdam et al., 2001). Despite all barriers, many reasons exist for launching KM initiatives in SMEs, e.g. costs reduction and revenues growth, loss of key personnel, inefficiency of information management (duplication of information), desire to improve employees knowledge and expertise, opportunities for innovation and development of employees skills. Other reasons such as KM initiatives in competitors (10%), loss of market opportunities, or difficulty to acquire and use market information are less motivating for the survey respondents. Obviously, the major motivators for KM are internal incentives and external factors hardly could influence KM projects (Gourova et al., 2007).

### 3. SURVEY METHODOLOGY

In 2012 was undertaken a survey among knowledge-intensive Bulgarian organisations with the objective to monitor KM trends and the changes since 2006. The main challenges to be studied included:

- *Awareness challenges*: Do organisations recognize KM as an important management tool? Do they see it as having benefits? Is the concept of KM understood by organisations?
- *Technology challenges*: Is technology required to implement KM within organisations? Are there basic standardized technology solutions which can currently assist the implementation of KM or is it essential for technology to be customised? What are the basic issues which should be considered when deciding on suitable technology? Is such technology readily available to organisations?
- *Organisational challenges*: Which is the impact of organisational culture on KM? Which are the biggest barriers to KM? Do organisations support knowledge processes, and knowledge sharing? Which are the future intentions for KM?
- *Individuals' challenges*: How knowledge is used by individuals? How are individuals affected by KM? How can they be prepared for, motivated and supported in implementing KM?

The questionnaire comprised a general section on respondents, and specialized sections on KM state-of-the-art. Most of the questions were closed-ended requiring assessment by the respondents on a 5-grades scale. Open-ended questions were generally avoided – their usage was needed only to give insight for the follow-up qualitative survey. The specialised sections of the survey were focused on:

- *Awareness of knowledge use within the organisation and organisational culture* – investigating categories of knowledge used; internal communication and knowledge sharing; importance of knowledge to staff categories; staff and leadership attitude to changes; availability of KM vision, strategy or plans; assessment of future knowledge requirements; staff motivation and rewarding, etc.

- *KM status* – knowledge processes; systems for documents management; duplication of knowledge; protection of intellectual assets; access to knowledge; usage of previous experience; training programs; ICT support of knowledge processes;
- *KM future* – motivation factors, barriers and responsibilities for KM; training needs in the area.

#### 4. ANALYSIS OF SURVEY RESULTS

This section presents the main results of the survey carried out in Bulgarian organisations in 2012, and makes a comparison with the 2006 survey. The questionnaires of both surveys were answered by circa 40 respondents, 40% of them with less than 3 years, and 30% - with more than 9 years experience in the same organisation. The majority of them were general organisational staff (46%), 34% belong to middle management, and 15% - to senior managers. It is interesting to note that the highest value to knowledge is given by administrative staff, while operational and management staff does not value it so high, however, slightly more then in 2006 (Figure 1). This might be behind the low introduction of KM in SMEs.

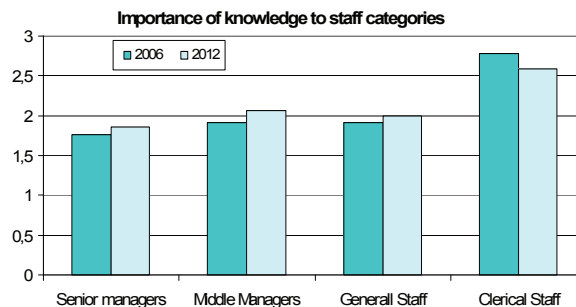


Figure 1. Importance of Knowledge to Staff Categories

Looking into the categories of knowledge valued in Bulgarian organisations (Figure 2), it is interesting to note that there is no major change since 2006. Actually, theoretical knowledge (know-what) still has the highest importance, followed by the knowledge whom to ask for the required knowledge and expertise (know-who). While in 2006 the personal links to experts (know-who) were less essential, it seems that in 2012 they have higher value, whereas the importance of practical knowledge and skills (know-how) has decreased. The importance of theoretical knowledge could be linked to recent debates in ICT industries about required changes in educational programmes, especially at universities, focused on meeting demands for skills and competences of employees. On the other side, despite that the information overload of employees still is an issue, the application of more sophisticated searching tools and better knowledge organisation could explain the decreasing importance of finding faster qualitative knowledge (know-where).

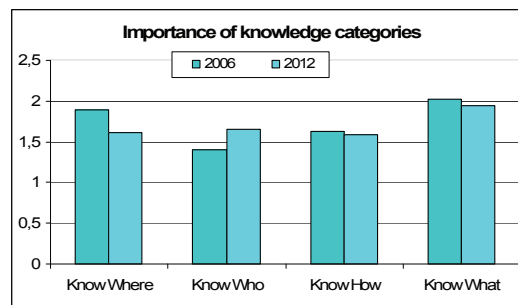


Figure 2. Importance of Categories of Knowledge

The importance of theoretical knowledge and formal education is a reason to increase the training courses offered by companies to their employees (Figure 3). Faces with increasing competition and market volatility,

organisation provide in 2012 more training linked to innovation management, ideas and knowledge generation, creativity and knowledge identification. It is interesting to note that training focused on knowledge sharing, networking and team work is rarely offered, taking into account that the new generation of computer savvy employees grows with Web 2.0 tools and is more open to sharing knowledge and networking with other peers than the previous one.



Figure 3. Training Courses Provided by Companies to Their Employees

Regarding recording and sharing of organisational knowledge the respondents of both surveys acknowledge its importance. It is essential for decreasing the duplication of work acknowledged as more significant in 2012 compared to 2006, as well as for the innovation processes in the organisation and better responding to customers demands. Subsequently, in 2012 companies pay higher attention to keeping lessons learned and documenting the experience of employees. It is not surprising, therefore, that in 2012 the vision on KM integration exists in more organisation (72%), and almost doubled since 2006. Thus, organisations have paid higher attention to KM tools and CRM systems since 2006 (Figure 4), and incorporating in them document management and groupware. E-learning tools usage has also slightly grown in SMEs practice.

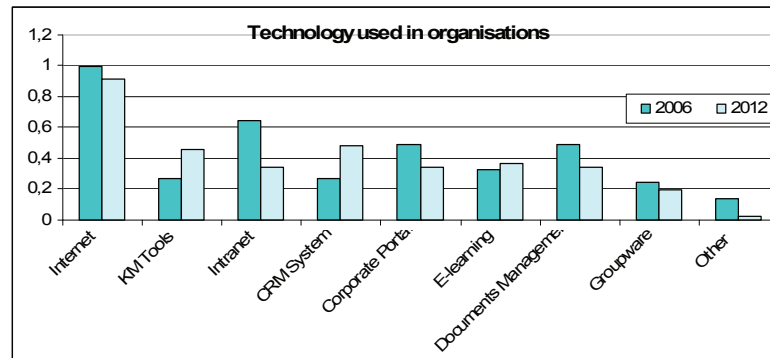


Figure 4. ICTs Used in Organisations

While generally the second survey shows greater awareness of knowledge importance for the organisations, some of the previous problems remain – linked to acquiring, organising and sharing of knowledge. The readiness to launch a KM initiative is further influenced by the general environment in Bulgaria – the financial crises and economic stagnation. On the other side, internal factors like growing debts of companies and lack of management capacity are still inhibiting investments in KM. Besides, the funding opportunities provided under Structural Funds in Bulgaria do not facilitate KM and innovation uptake.

## 5. CONCLUSION

The survey carried out in 2012 shows clearly a progress related to KM in Bulgarian organizations within the last 6 years. While the organizational and individual appreciation of knowledge as an essential resource for competitiveness and growth is increasing, the overall environment in Bulgaria for building a knowledge economy does not facilitate KM and knowledge transfer initiatives. The overall problem lays in the lack of synergy between the policies in the field of technological development, research and innovation and the poor linkages between the main policy making and funding bodies. On the other side, there is generally a weak change and strategic management capacity among SMEs, and a poor interest in investment in technology and business processes upgrade. The monitoring of e-business trends in Bulgaria shows wide differences between industry sectors, and according to the size and ownership of the company. Generally, SMEs are lagging behind in new technology adoption, except in the ICT sector which is a growth engine of economy.

Generally, enabling conditions for KM uptake are ICT skills. Individual commitment for ICT usage, group work, and intellectual and academic support in acquiring ICT skills could contribute to higher level of knowledge generation and communication. Therefore, a lot of efforts are made by the government to provide digital literacy at an early age, thus building computer labs, training teachers and providing Internet access in schools at all levels. The internet-savvy new generation is much eager for searching, sharing and using knowledge, which could contribute to KM uptake in Bulgaria.

The ICT adoption in enterprises raises the question whether small companies really need the same powerful solutions as large firms in order to derive an equivalent benefit. SMEs have profited enormously from the Internet, for example, simply by getting access to market information at low cost or by raising their own visibility, and of their own products and services. This has decreased the competitive disadvantage they used to suffer against larger companies. Besides, Web 2.0 presently provides great opportunities for SMEs to get knowledge from their environment, as well as to build easy-to-use and not cost intensive KM solutions.

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