

CRITICAL SUCCESS FACTORS FOR KNOWLEDGE MANAGEMENT IMPLEMENTATION IN HOTEL ENTERPRISES

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Abstract:

The introduction of knowledge management (KM) initiatives should result in the creation of added value, that is, wealth for the enterprise, its employees and, ultimately society at large. The relationship between KM and internal marketing it is not so expressed. But, even so implementing marketing practices and market orientation with focus on internal customers can help an enterprise to achieve better results in KM implementation. Research was conducted within the context of the hotel industry to determine drivers and barriers for the introduction of knowledge management initiatives in hotel enterprise. Among methodology, technology, organization, and human capital several barriers as well as drivers of successful implementation of knowledge management initiatives are identified. In the hotel industry the importance of human resources and knowledge, that is, intangible assets, is immense. Despite this, hotel enterprises have yet to introduce to the fullest extent KM-focused activities. In this implementation applying market orientation on its employees can bring better results.

Keywords: knowledge management, hotel enterprises, drivers and barriers, internal marketing, Croatia

1. INTRODUCTION

The hotel industry is faced with growing global competition, and rapid and dynamic change in its environment. Knowledge should be the basis on which businesses can build sustainable operations and gain competitive advantages. The introduction of knowledge management (KM) initiatives should result in the creation of added value for the enterprise, employees, and society at large.

Knowledge management initiatives have been embraced by businesses, particularly in the production and service sector. However, hotel enterprises have yet to introduce to the fullest extent the KM-focused activities. In an industry in which the importance of human resources and knowledge, that is, intangible assets, is immense, knowledge management has yet to become fully developed and accepted. The introduction of knowledge management initiatives in the Croatian hotel industry is taking place at a very slow pace. Understanding potential critical factors and obstacles to the management of knowledge will help planning and developing an efficient introduction of knowledge management initiatives in hotel enterprises. Also, with addressing employees as it enterprise customers and focusing on applying market orientation this implementation has a better chance. Hence, purpose of this paper is to explore critical factors that can boost KM implementation activities. Paper is structured in the following way. After introduction, a short overview of past research on KM is offered, followed with identifying critical success factors and barriers on KM implementation. Empirical research is next part of the article. At the end conclusion is offered and limitations and further research suggestions provided.

2. KNOWLEDGE MANAGEMENT

The hospitality industry as a work-intensive and service-rendering industry depends to a great extent on the quality of human capital and the key competences and knowledge they possess. The importance of knowledge in the hotel industry is becoming all the greater, because of the specific features it has, the characteristics of the products and services it offers, and the very customers that consume these services (Vujić, Črnjar, Maškarić, 2009). Introducing knowledge management initiatives into a hotel enterprise should ensure the more efficient and sustainable use and development of human capital.

The management of strategic, key knowledge in the enterprise is becoming a critical factor in achieving sustainable business development in a time of a fast changing world. Looking back through history, Wiig argues that knowledge was always managed, at least implicitly. But the effective and active management of knowledge will require a new perspective and tools that should take in account almost all the factors in an enterprise. There is a need to develop a new discipline and prepare professionals with a whole new set of expertise that have not been encountered up till now. That will be a challenge (Dalkiri, 2005).

There are many definitions of knowledge management depending on the approach an author decides to take while researching the concept. At the beginning, knowledge management was defined as a process of collecting and structuring knowledge that was in the end distributed within the enterprise to speed up the working process. It represented the explicate and systematic management of key knowledge, and with it connected processes: finding, selecting, organizing, distributing, using, and exploiting knowledge in the interest of achieving business goals (Skyrme, 2005). The management of intellectual capital, on the other hand, focused only on the type of knowledge that had a business value for the enterprise. Yu states that knowledge management is “the art of converting intellectual capital into business value” (Zerega, 2008). If we try to merge these two focuses we can say that knowledge management represents a systematic coordination of factors, such as human capital, technology, processes, and organizational structure, with the aim to create value through innovation. This systematic coordination will be achieved through the creation, sharing, and use of knowledge and best practice, embedding them into the organization’s processes. It is an organized and systematic process of generating and disseminating information, selecting and distributing explicate and tacit knowledge to create unique value that can be used to achieve competitive advantage in the marketplace by an organization (Hult cited in Keen, 2006).

Some of the most important KM principles that should be taken in account when thinking about using this approach are: Knowledge management is a part of a long-term strategy, and not a short-term solution; knowledge management can be expensive; part of the benefits created by knowledge

management initiatives can be seen much later and is difficult to measure and thus justify the funds allocated to them; knowledge management will not be successfully implemented unless there is strong support from top management; knowledge management is not an end in itself, but it makes sense if it contributes to achieving the goal of the organization; successful knowledge management requires hybrid solutions that include people, business culture and technology; knowledge management is a continuous process; and knowledge is never managed fully, and sharing and using knowledge is not a natural activity in humans.

Introducing knowledge management initiatives can be a challenge for any enterprise, especially for small ones. Before implementing any knowledge management strategy, certain steps and analyses need to be undertaken. Defining a knowledge management framework and assessing the degree of development of knowledge management are just two of them (Črnjar, 2010. pp. 61-80). In the first step, a general framework for knowledge management should be defined. This includes basic definitions, concepts, principles of knowledge management, understanding and differentiating types of knowledge, defining key components of knowledge management, defining the tools, techniques and elements that will affect the strategy, etc. As a part of this framework there is a need to identify critical success factors and possible barriers for the introduction of knowledge management initiatives. Identification of these factors should be based on previous experience (if any), existing theoretical knowledge, and good understanding of the key elements in the enterprise. By being aware of possible drivers and barriers one can plan the KM initiative more efficiently and lower the risk of failure.

3. KNOWLEDGE MANAGEMENT IMPLEMENTATION IN BUSINESS ENTERPRISES

The success and failure of any KM initiative depends on the presence of numerous factors. In the existing literature a broad set of factors is mentioned. They directly or indirectly influence the destiny of KM initiatives.

Critical factors of knowledge management success are managerial influence, resource influence, and environmental influence (Holsepple, Joshi, 2000, pp. 235-261). Each of these factors comprises several components that contribute to the overall KM process. Managerial influences are the dynamic drives that strongly influence the strategy, and they consist of three elements that differ in importance and functionality: leadership (emphasize on obtaining the necessary support from senior managers), coordination (of processes and establishing order among different activities and resources involved in KM processes) and control (addresses the need to ensure the availability of knowledge resources in adequate quality and quantity as well as necessary measures of information security). The implementation of knowledge management in an enterprise is usually expensive. It requires financial, technological, and human resources. In addition to managerial and resource influences that represent internal factors, the success of knowledge management can be affected by environmental influences, such as government, culture, etc. (Biygautane, Al-Yahya, 2001).

One of the early studies on knowledge management barriers was done by Bullinger, Worner and Prieto, and it emphasized that the lack of time and the lack of awareness about knowledge management were the most important barriers in implementing KM. As a result of the literary review on KM barriers, Singh and Kant (2008) have identified nine barriers to KM initiatives in the enterprise: lack of top management commitment, lack of technological structure, lack of methodology, lack of organizational structure, lack of organizational culture, lack of motivation and reward, staff retirement, lack of ownership of problems, and staff defection.

Several inter-related barriers impede KM initiatives. The first type involves the organizational area of planning, enabling, and motivating. The second type of barrier is more personal and related to the distinct attitudes and behaviors held by users (BenMoussa, 2009). In the first set of barriers we can mention the lack of knowledge management goals, poor involvement of the end-user, storing all knowledge and not just the strategic knowledge for the enterprise, lack of leadership, failure to communicate knowledge management goals, difficulty to change culture, etc. Personal barriers consist of the attitudes and behavior of employees that can hinder the success of the initiative. Personal barriers consist of the perceived lack of usefulness, the perceived lack of incentives to share the knowledge, the lack of time to do knowledge management, and the perception of putting too much effort into an output that is not seen.

Barriers can be categorized according to their origin along the dimensions of technology, organization, and human factor (Richter, Derballa, 2009, pp. 315-316). The balanced use of information technology is seen as factor of great importance for introducing knowledge management. Barriers touching the technological dome are the lack of acceptance, information overload and redundancies, and missing instruments for integrated planning and evaluating. The organizational dimension often includes barriers such as linguistic problems, the lack of time, unfavorable company and knowledge culture, and missing or diverging goals. One of the most important factors on which all knowledge management initiatives should be based is human capital. Potential barriers in the human dimension include cultural influences, personal fear and uncertainties, and inadequate motivation.

Market orientation as such can help KM implementation. This is possible as in market orientation everything starts with customers and developing value for them (Day, 1994, pp. 37-54). Furthermore, also the importance of shared knowledge (information) is emphasized (Lafferty & Hult, 2001, pp. 92-109). If employees are approached as customers, that is, internal customers it can be said that internal marketing approach is used. Ahmed and Rafiq (2002) are suggesting following elements of internal marketing: satisfaction and employee motivation, customer orientation and customer satisfaction, interfunctional coordination and integration, marketing approach to these elements, implementation of specific functional strategy and enterprises strategy. Moreover, on operational level internal marketing suggests coordination of KM and other functions in an enterprise with aim of fulfilling promises given through external marketing activities. Taking this in mind KM and internal marketing are closely related.

Based on the literature review, four categories of possible drivers and barriers can be identified: methodology, technology, organization, and human capital.

4. EMPIRICAL RESEARCH

4.1. Research methodology and sample

The survey in the Croatian hotel industry was first conducted in 2009 and repeated in 2011. It was the first of its kind in Croatia. It focused on knowledge management strategy and the importance it has in achieving competitive advantages in large and medium-sized hotel enterprises.

For the purpose of this research, a questionnaire was created and posted online. Target respondents were human resource managers or, if the hotel enterprise did not have such a manager, other managers considered as being the most knowledgeable of the existing state of knowledge and human resource management in their respective enterprises. The questionnaire was based on previous research in this area: OECD (2001) APQC (2009), Davenport and Prusak (1998), Zack (2000), McKinsey (1998) etc. The group of questions, called "Knowledge management in the hospitality industry", comprised a total of eight questions. The answers to these questions provide insight into the existence of a knowledge management strategy in the hotel company and the development of this strategy.. Among other things, the researchers ought to find out what drivers and barriers influence the introduction of knowledge management initiatives in a hotel enterprise in Croatia.

The study sample was selected and its size corresponds to the total number of large and medium-sized hotel enterprises in Primorsko-Goranska and Istria County. Looking at revenue in the Croatian hotel industry, we see that 45.61% of all revenue is generated in these two counties. Of the total number of employees in hotels and similar accommodations at the national level, 39.27% work in Primorsko-Goranska and Istria County (Croatia Bureau of Statistics, 2010). The study included 47% of large-sized hotel enterprises (of the 26 companies in Croatia, five are located in Primorsko-Goranska County, and seven in Istria County) and 25% of medium-sized hotel enterprises (of the 74 companies at the national level, 12 are located in Primorsko-Goranska County, and six in Istria County). Eighty per cent of the total number of hotel enterprises filled out and returned the questionnaire.

4.2. Results

There are several variables that have a strong impact on the implementation of KM initiatives in the hotel enterprise. Some of these variables are a part of four categories: methodology, technology, organization, and human capital. Table 1 shows the assessment in importance of selected variables

for the successful implementation of initiatives of knowledge management. Each variable is graded on a scale of 1 to 5, where 1 means "completely irrelevant" and 5, "extremely important."

Table 1: Importance of elements for successful implementation of knowledge management initiatives

Variable	Mean	Stand. deviation	Mod
Creating an organizational culture that supports knowledge management (<i>category "organization"</i>)	4.56	0.511	5
Integrating processes-related knowledge in business processes (<i>category "organization"</i>)	4.33	0.485	4
Securing information technology (<i>category "technology"</i>)	4.39	0.608	4
Motivating and educating employees (<i>category "human capital"</i>)	4.83	0.383	5
Promotion and support of the KM concept by top management (<i>category "organization"</i>)	4.61	0.608	5

Source: Research results.

The average grades range from 4.33 to 4.83. The results show high scores for variables, emphasizing their importance for the successful implementation of knowledge management initiatives. This confirms that the respondents know that all of these elements are important for effective management of knowledge in the hotel enterprise. The most important element indicated by respondents is "motivating and educating employees" (average score 4.84). Respondents correctly perceive the high importance of human resources and the environment in which they operate. A hotel enterprise can provide the most modern technology but if employees are not motivated to share knowledge or organizational culture does not recognize the value of sharing knowledge, the knowledge management initiative will not give the desired results. Mode also shows that the majority of these elements are assessed as being important (grade 4) and very important (grade 5). The standard deviation for all variables is less than 1, indicating a small scattering of data from the average value. With the help of t-test for independent samples, differences in average ratings by the size of the hotel enterprise for the importance of variables in the implementation of KM initiatives was analyzed. The only significant statistical difference between large and middle-sized hotel enterprises was seen in the element "securing information technology". This may indicate that large systems for their businesses increasingly rely on information technology and that information technology is becoming an indispensable part of their work and development. For other variables, differences are not statistically significant ($p > 0.05$).

After looking at the elements that are important for the success of KM, we will focus on the obstacles faced by hotel enterprises in the process of implementation. Table 2 provides an assessment which evaluates the possible obstacles in the implementation of knowledge management in the hotel enterprise. Respondents were asked to express their level of agreement with each statement using a scale from 1, "strongly disagree", to 5, "strongly agree."

Table 2: Barriers for introducing knowledge management initiatives in hotel enterprises in Croatia

Category	Variable	Mean	Stand. deviation
<i>methodology</i>	It is necessary to develop criteria for knowledge management	4.22	0.428
<i>methodology</i>	Restriction in separate funding for knowledge management	3.67	1.029
<i>methodology</i>	Limited time for planning and implementing knowledge management.	3.56	1.042
<i>methodology</i>	The problem is quantifying the output, such as ROI	3.50	0.924
<i>methodology</i>	Philosophy of knowledge management is not known and clear	3.44	0.984
<i>methodology</i>	The problem in translating theory into practice	3.61	1.145
<i>organization</i>	The old rules apply to new situations	3.61	0.979
<i>organization</i>	The sharing of knowledge is not encouraged	3.61	1.037
<i>organization</i>	The traditional structure of the organization	3.56	0.784
<i>organization</i>	Sufficient existing level of communication between departments	2.67	1.138
<i>human capital</i>	People do not share knowledge	3.39	1.037
<i>human capital</i>	Limitation of human resources	3.39	1.092
<i>human capital</i>	The use of knowledge is ignored	3.33	1.188
<i>human capital</i>	Problem of acceptance of knowledge management among employees	2.94	0.802
<i>human capital</i>	The leadership of the organization is not ready to support knowledge management	2.89	1.323
<i>human capital</i>	Knowledge sharing threatens job security	2.61	1.195
<i>technology</i>	Limited by the technology used to implement knowledge management	3.33	0.970
<i>technology</i>	Inability to access knowledge	2.78	1.060

Source: Research results.

Average scores are between 2.61 and 4.22. The variable "it is necessary to develop criteria of knowledge management" has the highest score, which means that there is a need of defining a methodology for successfully implementing of knowledge management in the enterprise. This corresponds with the large number of researchers who are involved in this area. Due to the high level of multidisciplinary and a whole range of views with which to approach the management of knowledge, there is much disagreement and confusion. Researchers say that the world is in urgent need of standardization in knowledge management. It is necessary to introduce criteria on which to appraise the degree of development of knowledge management, define a set of indicators to measure the success of knowledge management, etc. Another problem that is often highlighted is limited financial resources (average score 3.67). The problem arises when you need a period of one year to prove the justification of investment in knowledge management initiatives. Most of the effects of such initiatives can be seen in three to five years, while the direct impact on the performance of the hotel enterprise cannot always be quantitatively expressed. Therefore, especially in times of recession, it is difficult to convince top management in the economic feasibility of these investments. In addition, significant problems are the transfer of theoretical knowledge into practice, encouraging the sharing of knowledge, and the application of old rules and ways of thinking to new situations (average score 3.61). The lowest score was given to the variable "sharing knowledge threatens job security", which indicates that the transfer of knowledge should not be an obstacle in the implementation of knowledge management in the hotel enterprises of Croatia. This fact also confirms the respondents' emphasis on the need to create an organizational culture in which knowledge sharing is not perceived as a loss of power. This fact provides a good basis on which to start discussions on the management of knowledge in the hotel enterprise. Different categories have also different magnitude of influence. So, methodology (average score 3.67), organization (average score 3.36), human capital (average score 3.09) and technology (average score 3.06) are all found to be influential barriers. Their average score simply means that in KM implementation they have different magnitude of influence. Furthermore, it is

evident that the average score is relatively low, which may be explained by the fact that respondents often were not sure whether those elements are really potential obstacles in the implementation of knowledge management. Standard deviation is greater than 1 for 12 variables out of 19, and for these variables there is a large dispersion of data from the average value.

5. CONCLUSION

The study conducted within the context of the hotel industry of Croatia attempted to provide evidence on the importance of drivers and barriers for the introduction of knowledge management initiatives into large and medium-size hotel enterprises in Croatia. Even though the concept of knowledge management is not introduced to its full extent, the hotel industry recognizes a wide range of key success factors and obstacles, such as methodology, technology, organization, and human capital. A better understanding of the possible success factors and barriers for the introduction of knowledge management into the hotel enterprise will ensure a lower risk of failure and more efficient processes. Moreover, introducing the marketing perspective in employees' management and applying market orientation in enterprises aiming to implement KM will have as a consequence better implementation result. In market orientation approach everything starts with recognizing and reacting upon customers' needs and wants and providing value to those customers. Focusing on internal customers and treating employees as such an enterprise will achieve better results. Moreover, with applying internal marketing perspective throughout the organization KM implementation has a better chance.

A limitation of the research can be seen in the research methodology and sample. Only a random number of factors and barriers have been taken into account. Future research may target a larger sample and focus on the assessment of the impact of various factors on the success or failure of introduction of knowledge management initiatives.

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