Retaining Knowledge in Smaller Building and Construction Firms

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ABSTRACT

The purpose of this study is to increase our understanding of how SMEs retain critical knowledge. Against the background of the underdeveloped body of knowledge regarding knowledge retention, the authors selected an explorative (qualitative) research approach. More precisely, they conducted semi-structured interviews with organization members (i.e., executive and regular staff) of five Austrian SMEs operating in the building and construction industry. This study provides fresh insights into knowledge retention in SMEs. The findings advance the limited understanding of knowledge retention in general and regarding SMEs. They also contribute to the further development of the study of knowledge management in the building and construction sector. Based on the study’s findings the authors derive suitable measures to better manage the process of knowledge retention in SMEs. These measures may be useful for SMEs operating in other industries as well.

KEYWORDS

Building and Construction, Knowledge Loss, Knowledge Management, Knowledge Retention, Small and Medium-Sized Enterprises (SMEs)

INTRODUCTION

In industries that rely to a large extent on complex, semi-structured projects such as the building and construction industry the existence of different types of knowledge is vital. In such environments, the retention of relevant knowledge is very important for the functioning of organizations and thus their sustainability. Knowledge retention has been defined as “maintaining, not losing, the knowledge that exists in the minds of people (tacit, not easily documented) and knowing (experiential action manifesting in behavior) that is vital to the organization’s overall functioning” (Martins & Meyer, 2012, p. 80). Even though in general organizations acknowledge the benefits of knowledge management for their business operations (McAdam, 2000; Chatzoudes et al., 2015), it appears that the practice of knowledge retention is still rather neglected. Compared to other knowledge management practices, studies of knowledge retention are rare (March & Stock, 2006; Hislop, 2013); a situation that refers to all organizations, regardless of size. If one addresses the study of knowledge retention in small and medium-sized enterprises (SMEs), however, there is a particular shortage of research, which refers to both conceptual and empirical papers. For example, Durst and Edvardsson (2012) who conducted a literature review on KM in SMEs identified only

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one paper on the topic of knowledge retention. In the few cases in which issues around knowledge retention in SMEs are addressed, they appear to be conceptual in nature (c.f. Durst & Leyer, 2014). Against the prevalence of SMEs, this situation is unsatisfactory. Therefore, a better understanding of knowledge retention is important both in practice and in theory.

The purpose of this paper is to increase our understanding of how SMEs address the issue of knowledge retention. The paper deals with the following issues: How is knowledge being treated in the company? How is critical knowledge retained? What methods are applied in order to retain relevant knowledge? How is knowledge shared in the company? The study is conducted in the building and construction sector, which on one side is often dominated by smaller companies. On the other side, it represents a sector in which the study of knowledge management (KM) has started only recently (Maqsood & Finegan, 2009).

The remaining paper is organized as follows. In the next section, the related literature is outlined. Then the method employed is outlined. This is followed by a presentation of the findings. The paper terminates with the conclusion and implications of the study.

THEORETICAL BACKGROUND

Knowledge Retention

Knowledge retention “deals with cases where expert knowledge workers leave organizations after long periods of time” (Levy, 2011, p. 582). Taking a broader view Martins and Meyer (2012) define knowledge retention as “maintaining, not losing, the knowledge that exists in the minds of people (tacit, not easily documented) and knowing (experiential action manifesting in behavior) that is vital to the organization’s overall functioning” (p. 80). In contrast to knowledge management solutions, knowledge retention takes place in a limited period of time and addresses the challenge of transforming an “expert’s most valuable knowledge” to an organizational asset (Levy, 2011, p. 583). This situation creates a huge challenge as the reduced time available complicates knowledge retention even more (Lahiaie, 2005). It also shows the need for setting clear priorities (Jackson, 2010).

Although voluntary and involuntary turnover of staff is a normal part of any business and also knowledge is in a constant state of change e.g. knowledge that has been relevant in the past may become obsolete over time or it has simply been forgotten because of time elapses (Tan et al., 2006), there is always some knowledge that should remain in the organization. Consequently, organizations need to implement systematic approaches to knowledge retention “because knowledge not embodied in the existing product or technology may decay due to the nature of the knowledge itself, the available means of storage, or lack of maintenance or use” (Marsh & Stock, 2006, p. 425). And the knowledge that is successfully retained makes a company less dependent on external knowledge, a situation some companies striving for.

Lost knowledge can occur at individual, group, or organizational levels, have either anticipated or unanticipated effects, have tangible or intangible impacts and create immediate or delayed costs (DeLong, 2004). Possible consequences of lost knowledge can be reduced capacity to innovate, threatened ability to pursue growth strategies, reduced efficiency which undermines low-cost strategies, strengthening of competitors, increased vulnerability (DeLong, 2004), loss of tacit and heuristic knowledge (Treleaven & Sykes, 2005), reduced service quality levels, increased costs and time related to staff recruiting and training (Chalkiti & Sigala, 2010).

When it comes to the issue of knowledge retention and hence knowledge loss, most firms do not have a systematic approach and the approaches used are few, ad hoc and reactive (Daghfous et al., 2013). Moreover, by considering the demographic challenges ahead this proceeding is rather dangerous. Finally, one should not forget the costs involved in people replacement (Chartered Institute of Personnel and Development, 2004).
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