Chapter 5
Knowledge Retention in Smaller Firms

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ABSTRACT

In environments that are characterized by skill shortage, knowledge retention should be a key activity. Our understanding of this knowledge practice, however, is underdeveloped. The purpose of this chapter is to contribute to the further development of this field. The authors are interested in studying how smaller firms approach the retention of critical knowledge. Semi-structured interviews with organization members of five smaller Austrian firms operating in the building and construction industry were conducted. The findings presented in this chapter advance the limited understanding of knowledge retention in general and regarding smaller businesses. 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, suitable measures to better manage the process of knowledge retention in smaller firms are derived. These measures may be useful for smaller firms operating in similar industries as well.

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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 organisations and thus their sustainability. Knowledge retention has been defined as “maintaining, not losing, knowledge that exists in the minds of people (tacit, not easily documented) and knowing (experiential action manifesting in behaviour) that is vital to the organization’s overall functioning” (Martins and 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. The same seems to be true research-wise. Compared to other knowledge management (KM) practices, studies of knowledge retention are rare (March and 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 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 one paper on the topic of knowledge retention. Against the prevalence of smaller business to the majority of economies, this situation is unsatisfactory. Therefore, a better understanding of knowledge retention is important both in practice and in theory.

The purpose of this chapter is to develop our understanding of how smaller businesses address the issue of knowledge retention. The chapter deals with the following issues: How is knowledge treated in the company? How is critical knowledge retained? What methods are applied 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 has started only recently (Maqsood and Finegan, 2009).

The remaining chapter is organised 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 chapter terminates with the conclusion and implications of the study.
Knowledge Retention in the Service Industry
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