Chapter 4

A Conceptual View of Knowledge Management Adoption in Hospitality Industry of Developing Economies

Abel Usoro
University of the West of Scotland, UK

Bridget Abiagam
University of the West of Scotland, UK

ABSTRACT

Existing research addresses and recognises the importance and benefits of knowledge management in the hospitality industry but especially in big hotels and in developed economies. Little or nothing has been researched in developing economies, yet the hospitality industry there is recognised in literature as a means of income redistribution and foreign currency earning. This chapter attempts to fill this gap by developing a theoretical model of KM adoption in the hospitality businesses of developing economies. The major constructs considered relevant are developmental factors, information technology, culture, and intention to adopt KM. Though at the moment a conceptual paper, the implications of the study are presented and they include the need for managers to collaboratively provide infrastructure, information technology, and training. They also have to use culture to their advantage in order to encourage KM use in their businesses.

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INTRODUCTION

Hospitality industry provides accommodation, food and beverages as well as meeting arrangements for tourists, travellers and local residents (Buttle, 1986; Pizam, 2005 and Power & Barrows, 2006) and is a principal income earner for individuals, businesses and economies both in developed and developing countries. For instance, in the US more than 960,000 restaurants are expected to continue to be strong contributors to economic recovery with nearly 10% of the workforce in the industry (National Restaurant Association, 2011). In the UK, the core hospitality industry turnover, as at 2010, was £90 billion and £46 billion to the UK economy in terms of gross value added (GVA) coming from wage and profits; it also directly contributed 2.44 million jobs to the economy (Oxford Economics, 2010). In developing economies, hospitality industry helps to redistribute income among the workforce; the redistribution is through tipping, profit sharing schemes, compensation plan, benefits and others (Pizam, 2005; Walker & Miller, 2008).

Hospitality industry is knowledge intensive thereby standing to benefit extensively from the provisions of information technology, for example, for knowledge sharing which is a key knowledge management (KM) process (Tiedemann, Birgele & Semeijn, 2009; DiPietro & Wang, 2010). KM has the potential of providing the ethos and a set of tools as well as practices for capturing and developing individual and collective knowledge within and between organisations. Organisations that employ these techniques stand a better chance of promoting innovation through knowledge transfer and continuous learning with the result of increased effectiveness and competitiveness (Hallin & Marnburg, 2008). Thus, Medlik (1990) reported a few case studies in the hotel industry that use KM systems to meet the demand for quality standard though they were geographically dispersed. The same outcome was seen by Hallin and Marnburg (2008) and Bouncken (2002) gives example of Accor Hotel Group with 3,500 hotels worldwide, 130,000 employees and brands like Formula One, Ibis, Novotel and Sofitel. Hilton Corporation with 2,700 hotels in over 70 countries applies its KM by implementing a university and e-learning system to consistently provide training to its staff (Baldwin, 2006). One of the new tools of KM that has been used by Sheraton hotel, Reef hotel and others is online social networks (Kasanova et al, 2010). New tools such as this should make adoption of KM in hospitality to traverse the boundaries of economic groupings.

However, much of the success stories of KM application in hospitality industry are with big companies, making hospitality industry slow compared to others in adopting this useful tool (Hallin & Marnburga, 2008). The authors have also noted that empirical research in hospitality area is lagging behind other areas. Researchers like Cooper (2006), Grizeli (2003), and Ruhanen and Cooper (2004) have given reasons for this limitation. Nonaka & Takeuchi (1995), for instance, suggested that it is because KM concepts are mostly developed from manufacturing and multi-national perspectives. Perhaps, it is the multi-national perspective that is also accountable for observed low adoption of KM in the hospitality industry of developing economies (Hallin & Marnburg, 2008). Wong (2008) and Delgado-Hernandez et al (2009) have noted the very limited study performed on developing economies in this area. This is the challenge of this paper, though at the moment, at a conceptual level.

The approach is to examine the specific factors that would influence KM adoption in hospitality of developing economies. There is, apparently, no existing model or conceptualisation of these factors and their influences. The rest of this paper will argue out a research model mainly from secondary study, present conclusions, implications and area for further investigation.