

IMPACT OF KNOWLEDGE MANAGEMENT CLUSTERS IN ALBANIAN SME'S

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ABSTRACT

In this paper I compose a comprehensive model for knowledge management cluster to verify the impact and the effect of knowledge between individual knowledge and innovation and organization knowledge. In order to study the effects and establish a based view it is generally accepted that knowledge and innovation play a basic role in organizational development. Knowledge management base, cultural barriers and innovation outcomes from a sample of 115 Albanian's organizations. This paper presents a new development and the organizational culture management to knowledge management, also proposed a comprehensive model which is designed from analysing culture only in terms of its positive and negative influences on knowledge management. The model suggests a typology of knowledge management clusters that organizations are likely to be focused on depending on the culture that prevails in an organization and identifies a reengineering, reorientation and a re-evolution.

KEYWORDS: *knowledge management, cluster, re-engineering, re-orientation, re-evolution*

JEL CLASSIFICATION: *M21, O57, P15, R12, L26*

1. INTRODUCTION

The paper it is focused almost exclusively on organizational culture change. The importance of organization culture now and days became a necessity in a turbulent marketing and a global vision for economical activity.

Taking in consideration the organizational culture definition which represents the way things are done in an organization, encompassing the values, beliefs, and attitude that generate a common framework for interpreting events.

Managing organizational culture change is therefore at the very core of KM and organizational learning processes. Johnson (2001) presents a model called the cultural web (see below), outlining the various components of organizational culture. Michie (1983) and Nonaka (1984) present a dynamic theory upon knowledge prototype and the influence of West for knowledge management.

In every country people have values, traditions and beliefs that are significant for their culture. Organizations from different countries take in consideration the culture for that reason knowledge management system has its importance in a different way.

Organizational culture change is a difficult process that is likely to meet significant resistance, is a critical factor in building and reinforcing knowledge management in organizations. However, there is no theoretical framework that comprehensively explains the effect of organizational culture on knowledge management in organizations.

This paper presents a theoretical and practical investigation for organizational knowledge management in direct connection with organizational culture and as a feed back a comprehensive model for knowledge management with first stage of design and methodology/approach. Also the effects of knowledge management are investigated using the research of Choi, B.; Poon, S.K. and Davis, J.G. (2008).

The paper present a new model of knowledge creation by identifying and analyzing the interaction effects among the organization dimensions.

People and culture has two dimensional knowledge management (individual and organization) these bipolar aspects were analyzed in this paper to be able to create the connection between culture barriers and organization knowledge culture management.

The culture barriers elements proposed by authors as variable are: culture, strategy, knowledge management process and information. The connection with the individual culture and organization culture and the organization orientation to future activities is presented in Figure 1.

CULTURE	INTERNAL	EXTERNAL	FUTURE
STRATEGY			
PROCESS			
INFORMATION			
	INDIVIDUAL	ORGANIZATION	BUSINESS NETWORK

Figure 1. Two dimensions of knowledge management

Source: By authors

After the new orientation of organization's business process reengineering and total quality management Tuomi (2002) suggest a flexible management based on a new source of knowledge management a future vision of knowledge management.

The knowledge management (KM) clusters need the following elements:

- Organizational information processing;
- Organizational cognition;
- Organizational development;
- Business intelligence.

Now and days the instability and unpredictability for organizations associated with risks, need a new knowledge management to the new economy of the 21st Century.

Taking in consideration the vision of Tuomi (1999), a new generation of knowledge management, more practical in a turbulent environment for organizations need to be co-develop.

Organizational development need also the implementation of

- Innovation managers;
- Quality and specialization of human resources;
- Finance and control.

The elements which can influence the new perspective are:

- Organization learning;
- Knowledge creation;
- Innovative process.

2. THE RESEARCH METHOD

In this paper, we were using information on the small and medium enterprises from Albania. The target were 115 managers from different sectors of production, manufacturing and handcrafts from and around Durres city. Durres is the second city after Tirana with a big impact in economical life of country, under the influence of west market and consumer behavior culture.

A survey were applied to realize a radiography of Durres market and create a data base of specific activities, counting the organization size, number of employees, type of organizations state, private, individual activities.

Another target of survey was, the specific activity of the city and how managers harmonize his/her activity and involved staff in innovating organization, products or different activities following specialization, or graduate special courses in special field.

A special item was to discover if manager or leader of organizations use of the new innovations generation (new technology, international standards, ISO 9000, ISO 14001).

The survey was structured in four parts:

Part 1- Sources of the knowledge= inputs into the innovations and management change;

Part 2- Sources of knowledge =outputs into organization knowledge and open eyes vision;

Part 3- Sources of learning knowledge = organization and knowledge connection. The two dimensions information (internal and external knowledge) provides a basis for assessing the relative importance in providing knowledge, of the innovating knowledge management firms themselves, or providing public knowledge, such as universities and high school laboratories to prepare the handwork of Face book and Pokémon generation. We can use also internet connection in a successful way as a cultural tool to establish and discover new technology, new materials, to work together on the same research, sharing ideas and learn from other failures.

Part 4- Identified the sources for managers and the implication on innovating firms, to identify the three most important knowledge inputs: quality, specialization and courses into future or present of individual and organization into management change culture.

Hypothesis 1: H0: there is no significant effect of knowledge sharing (internal factors) on knowledge management

H1: there is a significant effect of knowledge sharing (internal factors) on knowledge management

Hypothesis 2: H0: there is a significant effect of knowledge sharing on organizational change (external factors) on knowledge management

H1: there is a significant effect of knowledge sharing on organizational change (external factors) on knowledge management

Hypothesis 3: H0: there is no significant effect of organizational learning (internal knowledge) on knowledge management

H1: there is a significant effect of organizational learning (internal knowledge) on knowledge management

3. RESULTS

The information contained in the data bank describes characteristics of significant barriers of knowledge management and re-innovating firms. In this paper, we shall be using information on knowledge inputs into organization as a system. Sources of the knowledge inputs into the future management change and organization innovations were identified by asking the

managers from different economical activities and to identify the barriers between organization and global market adaptation in function of knowledge management.

Using the Hedlung (1994), Hedlund and Nonaka, (1991), and Daft and Weick (1984) models for knowledge management the authors desire is to design comprehensive model attempts to offer a more realistic overview of the Knowledge Management process which can be used by any organization from different countries, crossing the cultural barriers and identify the significant elements which can help the business across global market.

Knowledge Management clusters can have a number of causes, for example goals of training or instruction, goals of motivation, lack of basic ability or some underlying problems (Grugulis and Bevitt, 2006).

Using the questionnaire items in Table 1, we present authors solution taking in consideration 5 clusters which can help us to design a comprehensive model for Knowledge Management which can be useful in the future reorientation of managers and new entrepreneurs form Albanians market.

Table 1. Knowledge Management Clusters

Case	5 Clusters
Age	1
Gender	2
How long have you work in company	1
How long has it been in work operation	3
Number of employees	4
Quality standards	5
Courses learning	5
Field specialization	4
Legal structure of business	3
Education level	3
Type of organization	3

Source: Authors SPSS results

The final conclusion using the respondents' answers it is presented in Table 2.

Table 2. Knowledge Management in each Cluster

	1	21,000
	2	24,000
Cluster	3	25,000
	4	27,000
	5	18,000
Valid		115,000
Missing		,000

Source: By authors using SPSS

An important influence upon Knowledge Management of organization has the cluster 4= 27 that means the organization size and the number of people involved in the activities. Also a very important factor is the economical activity of the respondents here we can mention the in other East countries the small and medium enterprises are incising as a feed back after the liberalization of the market and free travel in Europe.

An economy in a continuing discover or miracle product put a shadow on the Knowledge management, and provoke the managers to a new challenge and put innovation and creativity on the first place.

The second cluster on knowledge management hierarchy it is occupied by cluster 3=25, the type of activities of the respondents.

A new reorientation to manufacture, to production is very important for future organization survived because they also can improve the job places for people and also to use the national work hand market and to adapt the traditional culture behavior of the country with the global market.

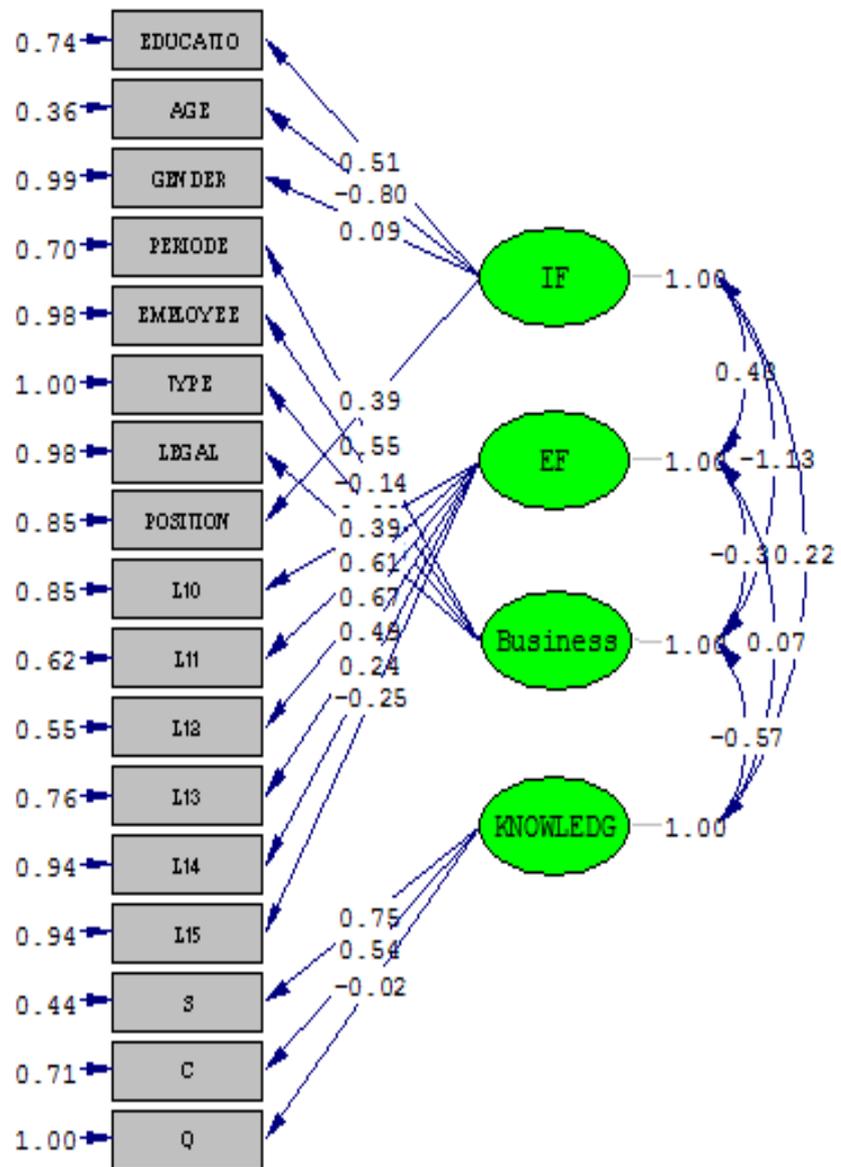
The comprehensive model proposes five categories oriented focused barriers in knowledge management process in an organization Figure 2.

The connection between clusters is very strong as we can see from Figure 2,

- **(IF) – Knowledge = 0.22.** Individual behavior as internal factors is in direct connection with knowledge management desire and the open wish for improvement and continuing learning process with positive impact for Albanian economical process and adaptation on market turbulence;
- **(EF) – Knowledge = 0.07.** The external environment of organization create a competition on market and also the consumer profile it's changing under the impact of technology and information;
- **(IF)- (EF) = 0.48.** The Albanian managers taking in consideration the individual business is in direct development in function of the harmonization of market demand.

The negative aspects are also represented and we can mention the connection between

- **IF-Business = -1.13.** The negative value shows that the managers have a different behavior upon their own business and it is necessary to change their attitude and re-engineering their business.
- **EF-Business =-0.30.** The negative values are the results of a chaotic typology of small and medium activities focused only on services and retailer activities when it is very well known that the engine of economy is the production. So it is necessary a re-orientation of managers and without taking in consideration the market demand and needs their business will not be successful.



Chi-Square=180.00, df=113, P-value=0.00006, RMSEA=0.072

Figure 2. A comprehensive model for KMC (Knowledge Management Cluster)

Source: By authors

As a final conclusion of our comprehensive model we can sustain:

1. Re-orientation;
2. Re-engineering;
3. Re-evolution of organization with the implication of managers and experts and of the entire staff.

The model for KM is presented with cluster details factors which can influence the organization management and push the managers to a reengineering of their activities Table 3.

Table 3. Factors for Knowledge Management

Factors	KM	Cluster
Age How long have you work in company	Internal Knowledge	Cluster 1
Gender	Internal Knowledge	Cluster 2
Legal structure of business Education level Type of organization How long has it been in work operation	Organization knowledge	Cluster 3
Number of employees Field specialization	External Knowledge	Cluster 4
Quality standards Courses learning	Learning Knowledge Management	Cluster 5

Source: Authors adapted SPSS results

4. CONCLUSION

We have now the comprehensive model for different approaches to Knowledge Management Figure 3.

There is an other important aspect relating to KM and we are referring to the measurement of effects that lets management know whether the implemented initiatives are achieving the desired results. This is dependent upon data and information management, but is paramount for future KM initiatives.

This study reflects the central importance of acquiring and using knowledge in a culture that encourages knowledge sharing. Moreover, our research suggests that cultural barriers has a strong impact on the knowledge–innovation and make knowledge as the basis of a dynamic theory of the firm (Spender, 1996), Figure 3.

The problems with managing culture can be summed up as follows:

- Culture organization itself is rather rejecting and promoting the norms of the organization;
- Culture often consists of learned responses that are hard wired into the organization;

The results indicates that organizations are far more likely to remember situations competition and interpretations of products, events rather than the event itself;

Culture contains falsehoods, Juran (2000), presents past lessons which are applied often without understanding them and their reasons for being.

Research suggests that cultural barriers tend to promote learning as means of exploitation, to promote the achievement of specific organizational goals, thereby promoting compliance rather than creativity.

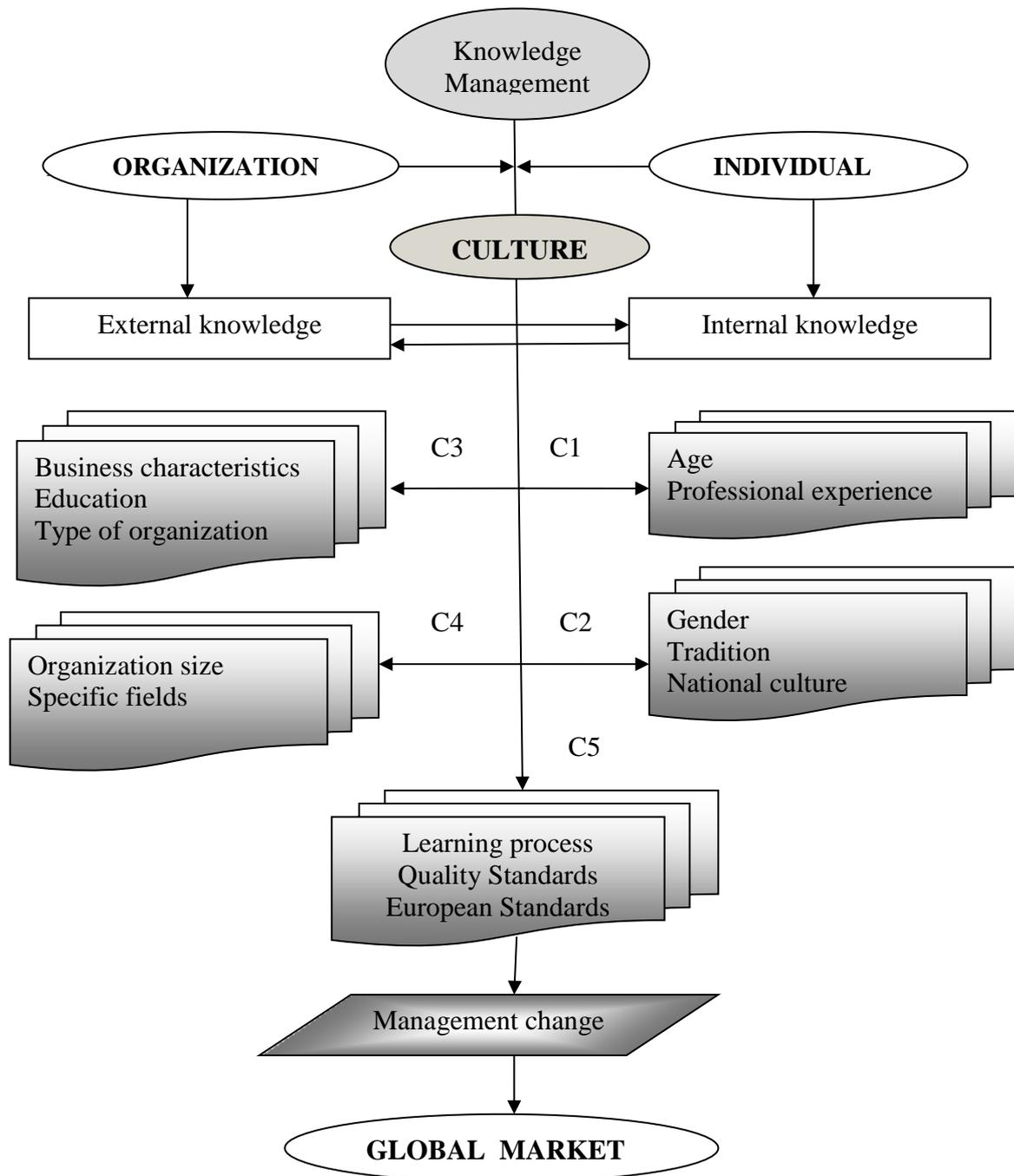


Figure 3. Knowledge management cluster model and cultural barriers

Source: By authors

We therefore argue that it is important for organizations to provide an appropriate environment for overcoming cultural barriers using communication, change of practice, IT platform and e-learning or intelligent market Quinn, J.B. (1992).

Whether or not knowledge sharing should be largely technology focused like in Table 4, and it is something that organization will address in future strategy. However, for better or for worse, organizations tend to approach internet communication and IT as a technological rather than organizational and social challenge (Tuomi, 1999, 2002).

Table 4. Knowledge Management cluster

A proposed model for Knowledge Management Cluster		
Organization information process	Information communication	Internet Clusters IT Software
Organizational business	Strategic decision	Vision Mission Politics Strategy Competitive corporation
Organizational knowledge process	Knowledge process	Communication Publicity Advertising Research
Organizational development	Management practice Organization capacity	Universities Partnership state-private Dual system education

Source: Adopted by authors

Limitation and future indications

There are certain limitations of knowledge management system, language, country, social life and political diversity. This research it is generic due to diverse ad globalized need and change of organization on the globe. New thinking, indicates that knowledge management has a great scope, indicates:

1. The importance of research in understanding the effects of organizational culture on organizational knowledge management systems in organizations.
2. The dynamic nature of economy which needs comparative models between countries and organizations management.
3. Practical implications

The paper would facilitate organizational learning and lead to the improvement of knowledge management practices in organizations as it helps managers to understand the linkages between culture and knowledge management.

Same survey would be applied in another countries Romania and Turkey to identify the knowledge management typology and identify the similarities and the differences in the global environment.

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