

IMPORTANCE OF EFFECTIVE KNOWLEDGE MANAGEMENT IN TOURISM ENTERPRISES IN THE AGE OF CRISES

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Abstract

Increasingly it is being recognized that competitiveness in the global marketplace depends on its ability to capitalize on its intellectual and knowledge based assets, as opposed to the more traditional commodities. As a consequence, the diffusion and commercialization of research and intellectual property has emerged as a key issue for governments, higher education institutions, research centers and private enterprise. These are recent developments that represent the recognition of knowledge as a key competitive tool for the commercial/private sector and an indicator of economic growth for governments. Tourism, as one of the world's major economic sectors will ultimately be required to adapt to the changes in the global market. Therefore it is suggested that if tourism enterprises are to remain competitive in this changing era, the adoption of a knowledge management approach will be required to transform tourism research into capabilities for the sector. Knowledge is a powerful resource to help governments, private firms and the communities prevent, plan for, and recover from various types of disasters and crises.

Key words: knowledge management, tourism, private firms, competitiveness.

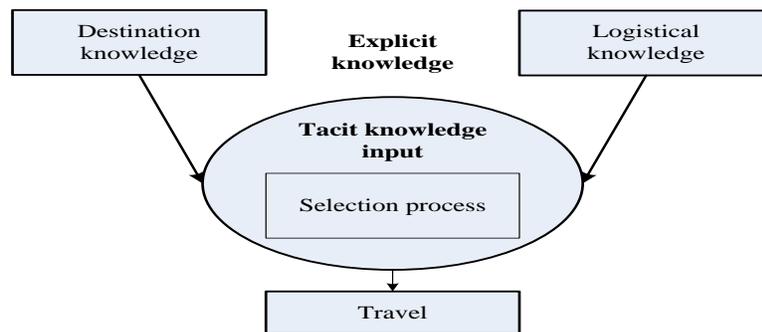
KNOWLEDGE AS THE STRATEGIC RESOURCE OF TOURISM ENTERPRISES

The most of organizations, including in tourism, view knowledge as their most valuable and strategic resources. To remain competitive, enterprises know that must effectively manage intellectual resources and capabilities. Integrated focus of technical and organizational initiatives together (IT-supported knowledge management, for example) can provide a comprehensive infrastructure to support knowledge management processes, but it is not the guarantee for investments and realizing the objectives of the firm. A knowledge strategy is needed to fulfil the mission to strengthen competitive position and to create shareholder value. Knowledge management must link creation of economic value and building the competitive advantage. Organizations must strategically assess their knowledge resources and capabilities. What organizations know and what they must know are the crucial starting points. Knowledge is much more than information and knowledge sharing isn't information sharing. Considering the knowledge creation as an act of human beings, knowledge management systems must involve people and encourage them to think together and to take time to articulate and share information and insights that will be useful to others in their community. Managers must develop appreciation of the intangible human

assets captive in the minds and experiences of their knowledge workers.¹ Tourism enterprise emphasize important technology and data infrastructure initiatives, but organizational, cultural and strategic changes which are necessary to leverage those investments is ignored or at least most of the organizations fall in this category.

Competitive advantage of tourism enterprise is based on specific core competences. Core competences are combinations of resources and capabilities unique to a specific organization and generating competitive advantage by creating unique customer value. Core competences may be based upon knowledge of customers, knowledge of technology, knowledge of processes, etc. An organization's effectiveness at its core knowledge processes depends on its capabilities of dealing with knowledge - i.e. knowledge capabilities. For developing knowledge capabilities, individual and organizational technology, individual and organizational skills and behaviours must be addressed.² Converting knowledge into core competence and competitive advantage in the tourism enterprises essentially depends on sharing and co-ordinating knowledge within the organization and with collaborating businesses. As the result, knowledge management should be linked to the building blocks of it, namely, mission, structure, culture, strategy, style of management, personnel, systems, and finally the instruments used to manage the tacit and explicit knowledge.³

Figure 1 Knowledge in the tourism industry⁴



The tourism industry uses large amounts of data, information and ultimately knowledge. Data can be in the form of timetables, schedules, rates and charges etc. when planning and purchasing holidays, having access to this data is essential. However this raw data will not be sufficient to construct a holiday plan. This will require tacit knowledge to incorporate the individual requirements that change the collection of travel items into a desirable travel experience. This function has traditionally been performed by a travel agent that would rely on 'knowledge' to be able to translate the prospective traveler's desires into an experience.

¹ Lang, J.C., "Managerial concerns in knowledge management", Journal of Knowledge Management, Vol. 5, No. 1, 2001, pp. 43-57.

² Dawson, R., "Knowledge capabilities as the focus of organisational development and strategy", Journal of Knowledge Management, Vol. 4, 2000, pp. 320-327

³ Bailey, C. & Clarke, M., "Managing knowledge for personal and organisational benefit", Journal of Knowledge Management, Vol. 5, 2001, pp. 58 - 67.

⁴ Minnington, M., "Knowledge Management for SMEs with particular emphasis on the tourism industry", University of Technology, Sidney, 1999, p. 51

This is achieved by knowing where to go, what products to use and, most importantly, how to assemble the items and then add value with additional suggestion, perhaps where to shop or what to see, etc. This combination of explicit and tacit knowledge can be represented on the figure 1.

FACTORS FOR EFFECTIVE KNOWLEDGE MANAGEMENT IN TOURISM ENTERPRISES

For successful and viable outcomes of knowledge management in tourism enterprises, many factors may play important roles. Some of them are:

The role of culture - Culture plays an important role in how knowledge management function is being implemented in tourism enterprises. Four knowledge management challenges domain involves human interactions. These are technical, social, managerial and personal. The sum total of individual knowledge can be collective knowledge by developing a culture that values knowledge sharing and knowledge creation. It is accepted that organisational learning culture is important for knowledge creation.

Knowledge management processes. - Considering the process-based view of management theory, major categories of knowledge-focused activities can be an answer for what can be managed about knowledge: 1) generating/creating new knowledge; 2) accessing valuable knowledge from outside sources; 3) using accessible knowledge in decision making; 4) embedding knowledge in processes, products and/or services; 5) representing knowledge in documents, databases and software; 6) facilitating knowledge growth through culture and incentives; 7) transferring existing knowledge into other parts of the organization; 8) measuring the value of knowledge assets and/or impacts of knowledge management.

Knowledge creation. - Knowledge creation can be possible in a shared space for emerging relationships. The effective creation of new knowledge, especially tacit knowledge, hinges on strong caring relationships among the members of an organization. Sharing tacit knowledge can be possible through joint activities such as being together, spending time, living in the same environment, known as socialization stage for knowledge conversion. Knowledge management efforts must focus more on tacit knowledge and experiment with new organizational forms, cultures and reward systems to enhance interpersonal interaction and social relationships.⁵ Human relationships are themselves a function of the organizational culture.

Leadership. - Knowledge is manageable only when leaders embrace and foster the dynamism of knowledge creation. Lack of support from senior management, specifically visionary, moral and fiscal resources, knowledge management efforts cannot be successful. Top management must realise that knowledge needs to be nurtured, supported, enhanced and cared for. What they should consider for enabling knowledge creation is to think in terms of systems and ecologies which can provide for the creation of platforms and cultures where knowledge can freely emerge.

⁵ Lang, J.C., "Managerial concerns in knowledge management", Journal of Knowledge Management, Vol. 5, No.1, 2001, pp. 43-57.

Learning & Participation. - Learning cannot be limited to acquire facts and techniques. People learn through participation in communities of knowledge by embodying their particular perspectives and practices. Knowledge work is dominated communication, deliberation, debate and negotiation. Knowledge is created as practitioners see the logic of each other's thinking in communities who have common interests. To facilitate learning, the culture of the organization must nurture a climate within which learning and knowledge are highly valued, empowerment of individuals, motivation to questions are required. Leadership is crucial for such a culture. Building trust to encourage sharing and experiential learning of tacit knowledge is the responsibility of leadership. For achieving knowledge management benefits, a corporate learning strategy should be developed in tourism enterprise.⁶

Strategy. - Knowledge management efforts lack of strategy link and even it is not a key evaluation criterion or motivating factor. Decisions are made in a context including a business strategy along with a set of experiences and skills, a culture and structure, and a set of technology and data. In an organization, in creating value, people can use their competence externally or internally. External structure consists of relationships with customers, suppliers and the image of the firm. Internal structure consists of concepts, management, administrative systems, models, attitudes. Successful knowledge strategy must be explicit and clear links to business strategy.

IMPROVEMENT IN KNOWLEDGE RESOURCES THROUGH RESEARCH ACTIVITIES IN OVERCOMING THE CRISES SITUATION IN TOURIST ENTERPRISES

As the size of the tourism sector has grown and its importance as an export sector has become more widely appreciated by government, the need to move beyond promotion into more general research has been recognized. Similarly, there is an increasing realization that a new research agenda is needed that will enable the tourism industry to fully participate in the future knowledge based economy; a research agenda that recognizes the critical role of adopting a knowledge management framework.

A key knowledge management issue for many organizations is the ability to capitalize intellectual assets through research diffusion and commercialization. Research creates intellectual property which can be used to generate new products, applications or services; be converted into commercial processes; create value through sales to customers; and be used to fund further research. Commercialization refers to the process of transforming the ideas, knowledge and inventions (the intellectual property) into greater wealth for individuals, businesses and/or society at large. The outcomes from commercialization efforts may include new products, services and business opportunities that meet needs, and may be derived from research conducted by businesses themselves, or the licensing of intellectual property from overseas or from public sector researchers such as universities.

⁶ Coulson-Thomas, C., "Developing a corporate learning strategy", Industrial and Commercial Training, Vol. 32, No.3, 2000, pp.84-88.

Although tourism research has unquestionably grown in recent years, it has been largely market driven with tactical short-term objectives being the focus of attention. This is not surprising, considering tourism has traditionally been service and product based and, with the exception of the distribution system and business administration, most tourism enterprises have been either unaware of, or slow to take up, the opportunities on offer from tourism research. In addition, the tourism sector is dominated by small-to-medium sized enterprises, which are traditionally research averse. As a result tourism research has not been subject to a knowledge management approach and the sector is not as competitive as it could be.

Although tourism as a field of research is undoubtedly growing, as demonstrated by the growing number of peer-reviewed journals, much of this research is focused on testing existing models, frameworks and theories and with obvious exceptions is not developing the crucial intellectual resources required for the sector.

In defense of tourism research, such problems may be attributed to the limited pool of funding options. Academic tourism research is often dependent on ad hoc external grants or university funds and is often undertaken on an individual basis without any overarching agenda. Partly this has been a result of the fact that the tourism sector has received very little government funding compared to other industries, particularly in the fields of science, medicine, technology and agriculture, despite the fact that in many countries tourism often outperforms these industries in its contribution to national gross domestic product. Consequently, tourism research has suffered from a lack of vision both by the bodies that fund the research and the industry for which the research is often targeted.

Albeit slowly, the tourism industry, the academic community and national governments are beginning to realize that short-term, ad-hoc market research will not create meaningful research outcomes, and will not enhance the competitiveness and sustainability of the sector.

As with other sectors, knowledge will become the fundamental factor underpinning successful tourism enterprises. Compared to other fields, the transfer of knowledge management concepts to the tourism sector has been slow, particularly in those sectors that have a strong service tradition. In contrast, the successful adoption of the knowledge management approach has become apparent in certain tourism sectors, including transport and distribution, where rapid advances have been made in the use of information technology and the development of applications. With the growing debate on the need for sustainability and the emerging recognition that the health of the tourism industry is inextricably entwined with issues as diverse as new food technologies, a looming global water crisis, potentially pandemic diseases, new transport technologies and the sciences that drive advances in metal technologies, fuel efficiencies and engine technologies, there is an urgent need for tourism research to embrace new directions.⁷ For the tourism industry is important to: commit to external collaboration to drive quality through the supply chain;

⁷ Cooper, C., B. Prideaux and L. Ruhanen, Expanding the horizons of tourism research: Developing a knowledge management approach to research funded by the Cooperative Research Centre for Sustainable Tourism, Proceedings from the CAUTHE Conference, Coffs Harbour, Australia, 2003.

form joint ventures with partners who have complementary skills and technologies; learn from others through benchmarking; and maintain competitive economic advantages by collaborating with universities and research institutions.

THE ROLE OF EFFECTIVE KNOWLEDGE MANAGEMENT IN TOURISM CRISES AND DISASTERS

Tourism is especially vulnerable to disasters and, being fragmented, often its response is difficult to initiate and coordinate. It is also information intensive and when in chaos its information needs are exacerbated. Knowledge is a powerful resource to help governments, organizations and communities prevent, mitigate, plan for and recover from disasters and crises. Destinations need knowledge in the three stages of disaster management - pre disaster prevention and planning, disaster situation management and post disaster phases of resolution and return to normality.

Tourism is information intensive and when in chaos its information needs are exacerbated. The severity and frequency of tourism crises and disasters are increasing dramatically and destinations need ways to mitigate the impact of these crises or avoid them altogether. Knowledge is a powerful resource to help governments, private firms and the communities prevent, plan for, and recover from various types of disasters and crises.

There are special needs in disaster planning and recovery in tourism industry. With the increased severity and frequency of such events in recent, this gap needs to be closed. The failure of tourism to embrace the notion of disaster management planning is possibly due to two things:⁸ first, the lack of development of theoretical and conceptual foundations for analyzing tourism disaster events and developing disaster management plans, and second, there has been little systematic analysis of previous crisis events. Failure to articulate any tourism disaster management plan with broader disaster planning in the location could have contributed to the low level of preparedness in the sector.

Even though articulation with other sectors is crucial, it is important to recognize that tourism is unique from a disaster planning perspective and is exposed to more danger than other industries. For example:

- Tourism is highly people-oriented with both employees and tourists being vulnerable to the disasters that can hit tourist destinations. Many human lives are at stake in tourism destinations, and the devastation can be extensive.
- The behavior of tourists in a destination is unpredictable and therefore harder to control in the event of a disaster. This creates a stronger need to easily accessible information in remote areas and throughout the entire destination area.

⁸ Faulkner, B. and S. Vikulov, "Katherine, washed out one day, back on track the next: a postmortem, of a tourism disaster", *Tourism Management* 22, 2001, pp. 331-344.

- In many cases, tourists do not speak the local language and cannot easily locate instructions of how to behave in a disaster setting.
- To exacerbate this even more, when a disaster hits a tourism area, the first response of tourists is to go home. This experience of risk and fear compounded with the heterogeneous nature of the tourists underscores the need for information systems.⁹ This strong desire to exit creates further complications that non-tourist locations do not have to deal with.
- Many tourism destinations are located in areas of natural beauty – coastlines, mountains, rivers and lakes – where there is greater risk and danger and natural disasters often hit. In many cases destinations are high risk and exotic.¹⁰ These natural resources are usually managed by the public sector requiring that the public sector became involved, and that government take the lead in such scenarios.
- They are vulnerable to terrorist attacks for reasons already stated in the literature – tourism is visible and gives the terrorists media attention. Faulkner¹¹ calls for the creation of an inventory of destinations' experiences with terrorism.
- The vacuum of place information that many tourists have about their vacation home. Tourists are more dependent, less familiar with local hazards and the resources to help them avoid risk. Even if they are a repeat visitor, they have little knowledge of the place they are visiting, and have even less knowledge of how to react, where to go, who to talk to and what the emergency procedures are in a strange destination.
- The tourism industry is fragmented and so does not easily respond to disasters. This also stresses the need for an information system across the industry that is available for all types of enterprises to use in the event of a crisis. A centralized information system may provide an infrastructure for cooperation rather than competition.

The reasons mentioned above emphasize the need for destination governments to create a crisis or disaster knowledge system that can communicate information to tourists and employees alike to reduce the amount of loss and damage to human life and property. A tourism destination would benefit from knowledge and information systems used to deal effectively with risk, crises and disasters.

CONCLUSION

As with other sectors, knowledge will become the fundamental factor underpinning successful tourism enterprises. Compared to other fields, the transfer of knowledge management concepts to the tourism sector has been slow. For successful and viable

⁹ Huan, T.-C., J. Beaman, et al., "No-escape natural disaster: Mitigating Impacts on Tourism", *Annals of Tourism Research* 31, 2004, pp. 255-273.

¹⁰ Faulkner, B., "Towards a framework for tourism disaster management", *Tourism Management* 22, 2001, pp. 135-147.

¹¹ Ibid

outcomes of knowledge management in tourism enterprises, many factors may play important roles. Some of them are the role of culture, knowledge management processes, knowledge creation, leadership, learning and participation and the strategy. The tourism sector is dominated by small-to-medium sized enterprises, which are traditionally research averse. As a result tourism research has not been subject to a knowledge management approach and the sector is not as competitive as it could be. Although tourism as a field of research is undoubtedly growing, as demonstrated by the growing number of peer-reviewed journals, much of this research is focused on testing existing models, frameworks and theories and with obvious exceptions is not developing the crucial intellectual resources required for the sector. Knowledge is a powerful resource to help governments, organizations and communities prevent, mitigate, plan for and recover from disasters and crises. Destinations need knowledge in the three stages of disaster management - pre disaster prevention and planning, disaster situation management and post disaster phases of resolution and return to normality.

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