DYNAMIC KNOWLEDGE MANAGEMENT CAPABILITY FOR THE SMALL TOURISM FIRM

COMPETITIVE PAPER

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ABSTRACT

Strategic management theory has largely and traditionally focused on the external environment in which a firm can achieve competitive advantage (Bounfour, 2003). Increasingly literature has redirected their focus towards the more controllable internal resources within the firm (Barney, 1991). An increasing amount of literature has recognised that the potential for competitive advantage arises from Intellectual Capital (IC) in the form of human, social and structural resources (Teece, 1998). Previous IC literature has tended to focus mostly on the measurement of individual components of IC and IC components collectively (Mayo, 2000; Tsai and Ghoshal, 1998; Stewart, 1997). Essentially IC amalgamates to a firm’s knowledge assets. Although it makes sense to redirect IC theory towards Knowledge Management (KM) thinking, it has traditionally remained as two distinct areas (Bounfour, 2003). The scant literature that does link KM with IC has been produced purely on a theoretical basis (Moustaghfir, 2008) and the tendency has been to focus on larger firms with case studies and little research has taken place in the tourism industry (Engstrom et al, 2003; Roos and Roos, 1997b) or SME sector.

Key authors in the area are calling for the integration of academics and management practitioners to form a practice based model (Grant, 1997). This article therefore seeks to create this link between IC and KM in the Irish tourism sector, by identifying the IC resources of importance, and leveraging these resources through knowledge management capability. Further this paper identifies and distinguishes between the cognitive based aspects of knowledge management and the action based area of organisational learning that will enhance the tourism firm’s competitive advantage.
INTRODUCTION

It has almost become axiom in the literature that in order for a small firm to gain a competitive advantage, they must look within their organisation at their internal resource pool and utilise these assets (See Barney, 1991; Wernerfelt, 1984). Drawing on the Resource Based View (RBV), a firm is capable of conferring a competitive advantage through the ownership of resources and capabilities that are valuable, rare, inimitable and non-substitutable (Barney, 1991). These resources can take the form of tangible and intangible assets and relate to the “stocks of available factors that are owned or controlled by the firm” (Amit and Schoemaker, 1993: 35) and “inputs into the production process” (Grant, 1991; 118). A balance sheet displaying valuable tangible assets (e.g. land and machinery) would imply that the firm is successful (Teece et al, 1997). Within the tourism industry there is no shortage of these assets - tourist attractions, restaurants, hotels and other forms of accommodation. However, based on the foregoing RBV assumption, the ownership of these types of assets is insufficient to deliver sustained competitive advantage (O’ Shannassy, 2008; Roos, Bainbridge, Jorfan, 2001). Indeed, they can only confer a temporary competitive advantage for the tourism firm due to their vulnerability to imitation and substitution by competitors (Grant, 2007). This is evident within the industry on a national and international scale through the provision of high quality hotels and other forms of accommodation. No longer is the destination of a holiday chosen on the quality of accommodation or cheaper flights; these types of resources are a necessity rather than a distinctiveness. Undeniably the route to Ireland’s tourism sector success is dependent upon other more rewarding resources; that certain je ne sais quoi. According to Roos et al, (1997b) intangible assets are the only forms of resources that have the ability to be valuable, rare, inimitable and non-substitutable and are therefore a source of competitive advantage.

However, what is important to realise is that intangible resources alone are not enough to create a competitive advantage; they need to be leveraged through capabilities (Eisenhardt and Martin, 2000; Szulanski, 1996). Indeed, capabilities are the transformational processes in which resources are utilised and converted into a firm’s output (Dutta et al, 2005). Thus, working in combination with one another “resources are the source of a firm’s capabilities” and “capabilities are the main source of its competitive advantage” (Grant, 1991: 119). Although it has been recognised that the utilisation and deployment of resources working in combination with capabilities can improve a firm’s performance, it is still insufficient to
bequeath the firm with a sustained competitive advantage (Grant, 2007). These capabilities will eventually be imitated by competing firms thus depleting any competitive advantage that the original firm had when they created the capability (Kogut, 2008). What needs to be established is an iterative process where the transformations can continually be managed in order for a firm to gain the maximum effect from its resources (Teece et al, 1997). However, very little systematic research has been devoted to understanding the transformative processes and maximising internal resources for sustained competitive advantage. This remains a central dilemma for most small tourism firms.

Closing this knowledge gap within the literature has guided strategic authors towards an alternative approach. This perspective being, the integration of dynamic capability theory with the resource based paradigm where the essence of competitive advantage lies in the firm’s ability to maximise utilisation of these resources (Freeze and Kulkarni, 2007; Parrup – Nielsen, 2006; Roos, Bainbridge, Jorfan, 2001; Eisenhardt and Martin, 2000; Mahoney and Pandian, 1992). Teece et al (1997: 516) encapsulate the concept of dynamic capability as: “the firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments”. Due to the complexity with which intangible assets are characterised, it is no surprise that this asset has become increasingly popular within strategy and has developed in the form of a firm’s ‘intellectual capital’. As outlined by Roos et al, (1997b:415), “intellectual capital is the sum of the ‘hidden’ assets of the company... and thus includes both what is in the heads of organisational members, and what is left in the company when they leave”. The human element within the tourism sector remains one of the industry’s most cherished assets (Baum, 2006). Although Ireland is performing on an international tourism stage, it has one asset that far outweighs those of other countries and that is the personality and unique culture of its Irish people and their hospitality. The knowledge within these assets are invaluable to a firm and warrants consistent management. Although the Resource Based View (RBV) is considered a static concept (Teece, 2007), the amalgamation of this literature with Dynamic Capability, Intellectual Capital, Knowledge Management and Organisational Learning theories can provide an adaptable and flexible strategy for firms to embark upon (Alavi et al, 2001, Dunford et al, 2001; Lennon & Wollin, 2001). Deployment and leveraging of these resources to acquire maximum efficiency and effectiveness needs “an ability to constantly reconfigure, accumulate, and dispose of knowledge resources to meet the demands of a shifting market” (Moustaghfir, 2008: 11).
Indeed, the suggestion of many national and supranational policies is to redirect the small tourism firms focus towards their internal resource pool in order to alleviate the pressures of these economic times (Forfás, 2004; Tourism Policy Review, 2003).

Based upon the extant literature, this paper will make a significant contribution in understanding how the tourism firm can manage its intellectual capital and secondly, how the tourism SME can utilise its intellectual capital to confer a sustainable competitive advantage. The rest of the paper is structured as follows. Next, an integrated discussion of the intellectual capital, knowledge management and organisational learning theory is presented. Subsequently, this paper offers a conceptual framework that merges the above theories to form a practical framework to enhance the utilisation of the small tourism firms’ resources; Dynamic Knowledge Management Capability (DKMC). The authors define ‘Dynamic Knowledge Management Capability’ as the firm’s ability to acquire, store, utilise and renew its intellectual capital to confer a sustainable competitive advantage on an organisation. In the concluding section, the authors will identify the future research agendas in the intellectual capital and knowledge management domain.

INTELLECTUAL CAPITAL MANAGEMENT (IC)
Critical to the creation of the DKMC is the identification, analysis and categorisation of the company’s capital, i.e. knowledge assets. Knowledge has become increasingly recognised through national policies and media as a firm’s most valuable asset (Building Ireland’s Smart Economy, 2008; Seetharaman et al, 2004). Indeed, these resources have the potential to form the foundation of intellectual capital (herein after referred to as IC) in which a tourism firm can leverage, deploy and utilise to create a competitive advantage. Although IC may be a relatively new term, it has a long lineage in various business areas (Stewart, 1997; Edvinsson and Malone, 1997; Bontis, 1996; Penrose, 1959) and has developed a lexicon of its own, incorporating such terms as ‘customer capital’, ‘organisational capital’, ‘internal resources’, ‘intangible assets’ and various other terms (Boedker et al, 2005; Houlsel and Nelson, 2005). Effectively, the literature is referring to the management of knowledge, whether it is explicit or implicit, tangible or intangible (Ordonez de Pablos, 2004). For the purpose of this paper this knowledge asset will be categorised into the following categories: human, relational and structural capital and discussed individually.
**Human Capital (HC)**

Human capital (HC) is described by Roos et al (2001: 23) as the “competence, skills, and intellectual agility of the individual employees”. The tacit nature of human capital is difficult to extract and codify and therefore difficult to capture (Bontis, 1996). Employee turnover is notorious in the depletion of human capital within the tourism and hospitality industry (Fáilte Ireland, 2005); even though human capital is one of the most important and valuable resource a tourism firm could have. When these employees leave the firm, they take with them their stock of knowledge (Edvinsson and Malone, 1997). Nevertheless, the collaboration of these views with dynamic capability theory gives HC the potential to be leveraged and deployed to counteract this problem (Eisenhardt and Martin, 2000). Bontis (1996: 43) recognises that it is a “collective capability” that is required to extrapolate knowledge at an individual level and embed within the firm. Although human capital has been linked to increased firm performance (Parrup - Nielson et al, 2006; Ordonez de Pablos, 2003), it is not sufficient alone to create a sustained competitive advantage (CIPD, 2008; Tansley and Newell, 2007).

**Structural Capital (SC)**

Structural Capital (SC) comprises of firm procedures, practices, routines, culture and structures that are not as easily measured as other assets that dominate the firm’s accounts (Roos et al, 2001). It can be conceptualised as the fluid intangible assets such as processes, routines, culture, and the more formally crystallised structural capital is codified in an organisation’s policies, procedure booklets, and intellectual property (Carson et al, 2004).

In the long run, it is the responsibility of management to extract the knowledge from its employees (human capital) and codify it in a formal way so when employees leave the building after a day’s work there is a record of this valuable knowledge and once embedded, it becomes structural capital (Ordonez de Pablos, 2004; Roos et al, 1997a). This is noteworthy due to high employee turnover and the seasonal nature of the Irish tourism sector. Structural capital provides support mechanisms in the form of organisational routines, capabilities and a motivated attitude within the corporate culture for employees (Bontis, 1996). This supportive culture is necessary to motivate staff and encourage them to try new ideas even if their attempts are unsuccessful (Bontis, 1996). Encouraging an innovative
culture within Irish tourism SMEs is fundamental to Ireland regaining its competitiveness. However, similar to human capital, structural capital is unable to create an advantageous situation for a firm on its own and must be used in juxtaposition with the other capitals (Bates & Flynn, 1995).

**Relational Capital (RC)**

“Relational capital encompasses the external revenue generating aspects of the firms” including “branding, reputations, strategic alliances, relationships with customers and suppliers” (Seetharaman, 2004: 524). Most authors in IC literature recognise relational capital as consisting of relationships that the firm has with customers, suppliers and competitors (Bontis, 2002b). Owing to the importance of human interaction in the tourism sector, relational capital is a crucial facet in this competitive triangle (Carson et al, 2004). The establishment of networks in the Irish tourism sector has facilitated in bringing these groups together to work towards a common goal (Fáilte Ireland, 2009; Cooper, 2006).

If a firm is in tune with the demands of its marketplace, then they can become market leaders (Bontis, 1996). According to Bontis (1999) relational capital is the most difficult of all the IC elements to codify due to its external characteristics. Despite literature representing an advantageous outcome through the pursuance of relational networks, like all capitals, its development comes with a cost; whether it is time, reciprocity or trust (Tansley and Newell, 2007). It is pertinent that a firm weighs up its options and considers whether the benefits gained from relational capital will outweigh these costs (Adner and Kwon, 2002; Leana and Van Buren, 1999). Moreover, relational capital is meaningless in creating a sustained competitive advantage without the assistance of the other IC elements due to its intangible characteristics (Youndt, 1998).

Human, relational and structural capitals are static groups of resources and are unable to survive and develop in isolation without the assistance of the human element and the firm’s configuration and constitution (Daft and Weick, 1984). It is the interaction of the human element within human and relational capital and the support from structural capital that bestows these stagnant assets the ability to continually interlink with one another, develop and transform into a new resource/capability (Hussi, 2004). Figure 1 represents the identification, analysis and categorisation of a tourism firm’s human, relational and structural
capital; the three dominant resource pools in which the foundations of a DKMC lie. The absence of arrows within this diagram represents the knowledge gap in literature which establishes the need for a transformative process that will configure and link the firm’s SC, HC and RC into IC. This disparity within the literature has been resolved with the employment of ‘knowledge management’ theory.

**Proposition 1:** A tourism firm’s human, relational and structural capital presents management with the internal resource pool that has the potential to be transformed into the firm’s intellectual capital.

**Figure 1: The Capital Triangle - Human (HC), Structural (SC) and Relational Capital (RC), the three elements that have the potential to create Intellectual Capital (IC).**
KNOWLEDGE MANAGEMENT (KM)

The knowledge based literature of the firm fosters and develops the resource based theory in that it considers knowledge to be the most complex of an organisation’s resources (Alavi and Leidner, 2001). This complexity arises due to the tacit and explicit nature of knowledge. Tacit knowledge consists of both cognitive and technical elements (Nonaka, 1994; Alavi and Leidner, 2001). “The cognitive element refers to an individual’s mental models consisting of mental maps, beliefs, paradigms, and viewpoints” while “the technical component consists of concrete know how, crafts, and skills that apply to a specific context” (Alavi and Leidner, 2001: 110). Explicit knowledge is “articulated, codified, and communicated in symbolic form and/or natural language” (Alavi and Leidner, 2001: 110). Grant (1996) differentiates between tacit and explicit knowledge by acknowledging that the transfer of knowledge and the means in which knowledge is transferred will vary according to the knowledge’s position on the tacit/explicit dimension. For Fahey and Prusak, “tacit knowledge is the means by which explicit knowledge is captured, assimilated, created, and disseminated” (1998: 268). It is this tacitness that allows knowledge to be one of the few resources that can withstand competitor attempts at imitation and substitution (Freeze and Kulkarni, 2007; Roos & Roos, 1997b), thus making it valuable, rare and a source of competitive advantage (Barney, 1991).

It is necessary to distinguish between what ‘knowledge management’ entails and how these knowledge management processes are put into use. The act of managing knowledge is “how a firm acquires, stores and applies its own intellectual capital” while a knowledge management system (KMS) “is the information systems adopted and designed, which efficiently and effectively leverage the collective experience and knowledge of employees to support information processing needs” (Wickramasinghe, 2003: 298). A knowledge management system (KMS) involves mainly four processes (Adams and Lamont, 2003; Alavi and Leidner, 2001; Huber, 1991). Acquiring knowledge involves methods in which to create, codify and transfer knowledge internally within the firm and the detection and assimilation of knowledge in the external environment. This knowledge must be captured and codified into the organisation’s structures, procedures, policies and manuals. Storing this knowledge enables the firm to circulate and distribute it internally and externally to individuals, groups and firms. The knowledge stock also acts as a source where employees can identify and retrieve knowledge when necessary (Alavi and Leidner 2001).
Grant (1996) identifies the significance of ‘transferability’ of resources and capabilities, in particular, internal and external knowledge. The transfer of knowledge is reliant upon the “transmission and receipt” of knowledge (Nonaka, 2005: 381; Grant, 1996), with the process of receiving this knowledge often coined as ‘absorptive capacity’ (Cohen and Levinthal, 1990). “Knowledge is shaped by (among other things) one’s initial stock of knowledge, what goes on inside one’s head (that is, how one reasons), and the inflow of new stimuli (such as new data and information). Flow, therefore, is also central to what happens between one’s ears” (Fahey and Prusak, 1998: 267). It is therefore necessary to evolve capabilities of individuals and firms to absorb this new knowledge and fuse with the underling knowledge level already stored in its memory (Grant, 1996).

**Figure 2:** The interrelationships between the IC elements and the corresponding knowledge management processes.
Figure 2 illustrates how all the elements of IC interlink and depend upon one another as well as contributing to the elements within their own resources. Indeed, the diagram demonstrates the knowledge flows of human, relational and structural capital with each other and within themselves as a dynamic capability that enables these knowledge stocks to be incessantly revolutionised. While it is possible that a tourism SME may not have relationships in all these elements, it is nevertheless advantageous to use the framework presented here to understand the interrelationships and the transformative knowledge management processes from one element to another and their value to the organisation (Sveiby, 2001; Edvinsson and Malone, 1997).

It is important to note that the transfer process used is dependent upon who is creating the knowledge flow and for what purpose (Sveiby, 2001). For example: The storage process occurs when human capital transfers knowledge to the organisation and the firm embeds it within its processes and procedures (i.e. Structural Capital) (Edvinsson, 2000). From an individual’s point of view, this can be considered as knowledge distribution. However, from the organisational standpoint this process can be contrived as the acquisition and storage of knowledge; three different processes but with very distinct perspectives.

Managers must ensure that they develop a culture that is supportive of knowledge creation. (Fiol and Lyles, 1985). It is fundamental that the tourism firm establishes an environment that encourages employees to share and eagerly acquire knowledge; this is what is known as a ‘knowledge pull approach’ (Holtshouse, 1998) or a ‘bottom up approach’. This type of activity can be encouraged through incentives such as financial rewards and promotion (du Plessis, 2007; Hauschild et al, 2001; Holtshouse, 1998). Conversely, the ‘knowledge push approach’, where knowledge is distributed from the top down within an organisation (Edwards et al, 2005; Hauschild et al, 2001), has been known to be unsuccessful (Kluge et al, 2001). Regardless of which approach is taken, it is the comprehension of what resources are needed and accordingly balancing the ‘knowledge pull and push approach’ (McLaughlin et al, 2008; Holtshouse, 1998). This would overcome such problems as “information overload” (Holtshouse, 1998: 278), rivalry and excessive competitiveness within the firm and operational inefficiency (Hauschild et al, 2001), to name but a few.
**Proposition 2a:** Human capital (HC) is a vital source of knowledge that can be extracted from individuals, and distributed and stored in the organisation’s structural capital (SC). (P2a: B/C – The knowledge flows from HC TO SC)

In reversal roles the development of competencies and capabilities of employees will remain stagnant unless there is a knowledge stock and support system in which employees can retrieve knowledge and use for self development (Bozbura, 2004). This structural capital can take the form of knowledge repositories, archives, manuals, company policies and procedures (Carson et al, 2004). This bottom up/retrieval approach is what most firms aspire to. Indeed, if the Irish tourism industry is to become more innovative and creative, management need to harness this wave of new thinking through a supportive culture where employees can learn through trial and error and not have to be disciplined accordingly (Bontis, 1998). This is not to dismiss the importance of training, policies and procedures; without these there would be no regulation or consistency in an organisation. The role of many human resource departments is twofold in that they provide the foundations for employees to learn and develop but they also have to motivate and encourage individuals to have that desire to learn and develop themselves (Ordonez de Pablos & Lytras, 2008). Structural capital, whether it be tangible (policies, manuals) or intangible (culture, norms) is a necessary asset to develop the human capital in the tourism firm.

**Proposition 2b:** Structural capital (SC) is a necessary resource to support human capital development through the distribution of knowledge and retrieval of knowledge. (P2b: C/D – The knowledge flows from SC TO HC)

The human interaction of the tourism industry relies on its frontline capability of creating relationships and building that bond between the customer and the service/product provider (Harmsen and Jensen, 2004). The extent to which the knowledge is tacit (complex) or explicit (readily understood) impacts the flow of the knowledge transfer (Hooley et al, 2001). For Hansen (1999: 88) “when the knowledge being transferred is non-codified and dependent….an established strong inter-unit relationship between the two parties to the transfer is likely to be most beneficial”. Why? because in a close relationship, actors are more likely to spend time expressing and conveying the non-codifiable knowledge. Inkpen and Tsang (2005: 162) comment succinctly pinpoints the inter-relationship between human
capital and relational capital in terms of knowledge distribution “…for effective transfer of tacit knowledge between network members, individual social capital must be developed, because the transfer normally requires intimate personal interactions”. This implies that human capital is essential in the ability to form relationships (i.e. relational capital) (Reed et al, 2009) and also adopts a reversal role where relational capital is therefore necessary for human capital to develop (Carson et al, 2004).

The network literature highlights that relationships with external actors provides the opportunity for employees to distribute and acquire knowledge (Liebowitz, 2005). For instance, opinions and comments from suppliers and customers can provide constructive feedback in which employees can use to enhance their skills and competencies (Sveiby, 2001) and for the firm to take advantage of business opportunities. This feedback can be gathered through various techniques such as networking, customer feedback cards and surveys. Networks within the Irish tourism industry have proved very successful and endeavor to develop linkages between tourism SMEs, practitioners, academics, institutions and associations (Fáilte Ireland, 2009). Based on the foregoing, the following propositions are put forward:

**Proposition 2c:** Human capital (HC) is a necessary resource for the creation and development of relationships and networks within relational capital (RC). (P2c: A/C – The knowledge flows from HC TO RC)

**Proposition 2d:** Relational capital (RC) is a necessary resource for distribution of knowledge to employees and the acquirement of this knowledge can lead to the enhancement of human capital (HC). (P2d:A/C– The knowledge flows from RC TO HC)

The information distributed to external parties can have a major effect on how the external environment perceives them (Bueno et al, 2004). For this reason most companies have included social and ethical statements as part of their corporate responsibility to the community (Spence et al, 2003). To ensure these parties understand and have the ability to acquire this information, organisational policies, procedures and other relevant information must be accessible and user friendly (Bollen et al, 2005). Services available that would
complement this type of relationship include customer care lines and websites (Sveiby, 2001). Most tourism SMEs have proactively embraced this concept in the form of revolutionised operations and websites to take into consideration their effect on the environment and its community (Jenkins, 2006). As a consequence, it is vital that structural capital provides a platform in which relational capital can be supported.

**Proposition 2e:** Structural capital (SC) is a necessary resource to provide a medium in which external parties can acquire knowledge and to give the firm an opportunity to distribute organisational knowledge. (P2e:A/C – The knowledge flows from SC TO RC)

The distribution of feedback from customers, suppliers, trade associations, government polices etc, can enhance the firm’s ability to absorb this knowledge through acquisition and consequently utilise this knowledge to enhance the procedures and systems within the firm (Bollen et al, 2005). Acquiring this invaluable external knowledge is critical and can be gathered though various methods such as customer surveys, customer service desks and government reports (Sveiby, 2001). Tourism firms must continually adapt to the changing environment and meet its customers’ needs. The knowledge gathered can then be stored within the organisation through embedding this information into the organisation’s processes, procedures and so on (Carson et al, 2004).

**Proposition 2f:** Relational capital (RC) is a necessary resource to distribute knowledge to a firm and to give the firm the opportunity to absorb information from external parties and subsequently to store it within their organisation. (P2f:A/B/C – The knowledge flows from RC TO SC)

Just as the relationships support each other and benefit from each other, so too does the individual elements benefit themselves. The transfer of knowledge is dependent upon which direction the knowledge flows (Lin et al, 2008). Human capital can grow through the distribution of knowledge to employees and through the acquirement of knowledge from employees (Lucas, 2005). Examples of this type of exchange can take place through formal training and mentorship (Pike & Roos, 2004) or a more informal approach such as meeting in the corridors or simply a chat at the water cooler (Edvinsson and Malone, 1997).
Proposition 2g: Human capital (HC) is a necessary resource to reinvest in human capital through the distribution and accumulation of knowledge. (P2g:A/C– The knowledge flows within HC)

Through various activities firms can indirectly influence the relationships and networking activities of external parties. This can be achieved when the firm engages in various activities such as community involvement, strategic partnerships and joint product launches (Sveiby, 2001). These are activities that will encourage communication amongst those in the external environment about the firm (Pike et al, 2005) whether it is knowledge actively acquired by those in the external environment or knowledge that has been distributed to the external actors.

Proposition 2h: Relational capital (RC) is a resource that can be indirectly developed through organisational activities. (P2h:A/C – The knowledge flows within RC)

Structural capital can develop in itself through the arrangement and codification of knowledge and intellectual property (IP) (Pike et al, 2005). Firms can continually update its procedures and policies to ensure efficiency throughout its systems. An example of how this can be accomplished is through the collection of data in one organisational database (Sveiby, 2001). The operational efficiency of tourism firms relies on its organisational characteristics. For example; a hotel’s database of its clients’ needs to be continually updated in relation to effective marketing campaigns.

Proposition 2i: Structural capital (SC) is a necessary resource to create efficiencies within the firm. (P2i:A/C– The knowledge flows within SC)

Fahey and Prusak (1998: 270) argue that organisations tend to over emphasise the knowledge management process rather than the knowledge that is received and that firms tend to “commit extensive resources and time to refining and perfecting data and information at the expense of deriving decision and action implications”. Although it is important that knowledge is managed and that it flows to the correct individual, group or structure, (Haas and Hansen, 2005; Dierickx et al, 1989) emphasis should be placed on the outcome of the knowledge rather than the quantity of knowledge within the firm. If “companies fail to apply
knowledge, its successful distribution and cultivation will have little impact” (Hauschild et al, 2001:78). Grant (1996) also argues that the transfer of knowledge creates inefficiencies in that knowledge should be controlled and organised in a way that allows for the integration of people with the required knowledge rather than wasting resources and time in transferring the knowledge from one person to another. Based on the foregoing it is essential that management within the Irish tourism sector not only identify their knowledge stocks and control the knowledge flows but also strategically manage the learning within the firm (Cooper, 2004).
ORGANISATIONAL LEARNING (OL)

Although there are many commonalities between organisational learning and knowledge management (Cavaleri, 2004; Pemberton et al, 2000), there is a merging consensus within the literature that they have to be treated as separate entities (Crossan et al, 1999; Davenport, 1998). “In contrast to knowledge management and intellectual capital, which focus management and research attention on cognition, this view of organisational learning acknowledges the rich interrelationship between cognition and action” Crossan et al. (1999: 535). Organisational learning (OL) reflects “the process of improving actions through better knowledge and understanding” (Fiol and Lyles, 1985: 803). For Shrivastava, organisational learning is the “convergence of individual knowledge and insights into a systematic organisational knowledge base which informs decision making” (1983: 18). Simply stated, knowledge can be transferred to an individual, group and/or the firm internally and externally, however this does not denote that learning has taken place (Newell, 2005).

A learning organisation begins with the encouragement of individual learning which in turn can lead to organisational learning. Fahey and Prusak (1998: 266) comment that knowledge flow “connects, binds and involves individuals”, however they do not believe that it is possible to separate “from the individuals who develop, transmit and leverage it”. They call the human element the “knower” (1998: 267); and recognise that knowledge can be stored in structural capital in the form of systems and processes but that it is only created within an individual’s brain. Nonetheless, the organisation must facilitate and manage these knowledge flows. Similarly Dodgson (1993) and Hedberg (1981) acknowledge the organisation as a knowledge repository with “cognitive systems”. Fiol and Lyles recognise that although “individual learning is important to organisations, organisational learning is not simply the sum of each member’s learning” (1985: 804). Knowledge can become structured and embedded within the organisation, reemphasising the fact that organisational learning is concerned with all three levels: individual, group and organisational (Crossan et al, 1995).

Crossan et al, (1999) propose that individual, group and organisational learning will occur through similar processes such as intuition, interpretation, integration, and institutionalisation. Intuiting represents “the process of developing new insights” (Bontis et al, 2002c: 441). Interpretation involves rationalising an idea verbally or through activities to give the individual or others an intimate perspective on how one is thinking (Crossan et al,
Daft and Weick (1984: 286) focus more on organisational interpretation; “the process of translating these events, of developing models for understanding, of bringing out meaning, and of assembling conceptual schemes among key managers”. While integration encompasses the development of a “shared understanding among individuals and of taking coordinated action through mutual adjustment...... This process will initially be ad hoc and informal, but if the coordinated action taking is recurring and significant, it will be institutionalised” (Crossan et al., 1999: 525). The institutionalisation stage of learning encompass procedures where “tasks are defined, actions specified, and organisational mechanisms put in place to ensure that certain actions occur” and is “the process of embedding learning that has occurred by individuals and groups into the organisation” (Crossan et al., 1999: 525).

Figure 3: Feed – Forward and Feed – Back Learning within Intellectual Capital
Incorporating the IC elements into this discussion, intuition and interpretation are human orientated processes that involve the interaction of an individual’s brain (Crossan et al, 1999). Intuiting occurs at an individual level where “new ways of thinking or acting” emerges (Zietsma, 2002: s62; Crossan et al, 1999; Nonaka and Takeuchi, 1995). Interpretation also applies to the individual level but Crossan et al (1999) feel that a better outcome would emerge if the interpretation process is implemented within a group setting where different perspectives are put forward. The group action of interpretation leads to informal integration within the group’s norms, structures and processes and once accepted by the group, it can then become more formalised in the organisation’s structure (institutionalised) (Crossan et al, 1999).

The direction in which learning flows is often referred to as ‘feed-forward learning and feedback learning’ (Bontis et al, 2002c; Crossan et al, 1999; March, 1991). Feed-forward learning is concerned with “whether and how individual learning feeds forward into group learning and learning at the organisational level (e.g. changes to structure, systems, products, strategy, procedures, culture)” while feedback learning is interested in “whether and how the learning that is embedded in the organisation (e.g. systems, structure, strategy) affects individuals and group learning” (Bontis et al, 2002c: 445). The direction of learning flows is dependent upon the strategy chosen by the firm (i.e., Feed-forward and/or feedback learning (Bontis et al,
2002a; Crossan et al., 1999). The action of learning and learning flows are illustrated in figure 3 by the colour coded arrows and direction of the arrows. This triangle configuration incorporates the various knowledge assets (HC, SC, and RC) that are necessary for learning to occur.

(Proposition 3) Knowledge transferred in the intellectual capital triangle is insufficient without the action orientated process of learning applying this knowledge to further an action outcome.

A CONCEPTUAL MODEL FOR MANAGING A TOURISM FIRM’S INTELLECTUAL CAPITAL

Based on the foregoing, the creation and development of a firm’s ‘Dynamic Knowledge Management Capability’ involves a three phase process (see figure 4); Intellectual Capital Management (ICM), Knowledge Management (KM) and Organisational Learning Management (OLM). The three sided pyramid represents the DKMC process with the base of the pyramid’s three points symbolising each of the three capitals within the tourism firm; human, relational and structural Capital. Intellectual Capital Management (phase 1) focuses on the identification, organisation and analysis of the firm’s resources that has the potential to amalgamate to a company’s ‘intellectual capital’. The intellectual capital triangle is represented in the bottom red layer of the three sided pyramid (figure 4). Phase 2 which is denoted by the yellow layer in figure 4 and equates to ‘Knowledge Management’. This phase engages the firm’s capital through the acquisition, storage, retrieval and distribution of knowledge within the firm. The third stage being ‘Organisational Learning Management’ incorporates the ‘action’ orientated aspect of the DKMC process where the knowledge of the firm will be utilised through the learning actions of the organisation and its individuals; this is embodied in the green layer of the model.

The management of these three phases culminates to what the authors refer to as a ‘Dynamic Knowledge Management Capability’ (DKMC). Managing these phases in isolation may create a temporary competitive advantage for the tourism firm. However, it is the
transformative capacities of the model, as firms engage with each phase, which increases the tourism firm’s likelihood of achieving a sustained competitive advantage. In the words of Bontis: “organisational learning broadens the discussion to incorporate behaviours as well as knowledge and provides a means to understand how the ‘stocks’ change over time” (2002a: 440).

CONCLUSION
This paper recognises the organisation as a knowledge processing entity that utilizes its IC to generate sustained competitiveness Building upon extant theories, a ‘Dynamic Knowledge Management Capability’ model was presented that details how small tourism firms can effectively deploy and reconfigure resources to deliver sustained competitive advantage, by acquiring, disseminating and utilising the IC knowledge throughout the learning organisation (Bontis, 1996).

Nevertheless, this conceptual model is a first attempt and is only a starting point on the path to understanding the complexity of the dynamics that is occurring in managing and utilising intellectual capital and knowledge assets. It has its shortcomings and raises perhaps many more questions than it answers; what are the most salient organisation learning practices that enhances the management of knowledge within the tourism firms resources? How can tourism firms incorporate these strategies within their firms? Are the phases in the DKMC model sequential or do they interact at various levels? These questions necessitate further
exploration, development and clarification and they remain a key part of our future research agenda.
REFERENCES


