

Knowledge as a strategy of change, SME's of the service sector in Xalapa, Veracruz México

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Abstract

Companies need to bring about changes in their organization, they must develop competitive strategies, make a good connection between the environment, the resources of the organization and the competition.

In search of answer to the question: if the SMEs of the sector of services in Xalapa Veracruz, use the knowledge like strategy of change ?, this research was realized.

The variables, derived from the Nonaka and Takeuchi Model (1995), correspond to four processes of knowledge conversion: socialization, exteriorization, combination, internalization and innovation and knowledge management.

Results: knowledge management is not a strategy for change in the service sector SMEs in Xalapa, the organizational knowledge generated internally, remains confined to the company without being shared, does not continue its upward spiral to socialize to the rest of the organizations, this does not Propitiates the multiplier effect that generates the organizational change, nor the innovation and therefore the permanence.

Keywords: SME's, Capital, Intellectual and Organizational change

1. Introduction:

The development of strategic capacities that allow SMEs not only to participate but to stay in the markets is an issue that needs to go beyond the economic resources that the small business owner possesses, a demand that directs attention to those intangible assets of Your organization and appreciate its potential in creating value and improving competitiveness.

Intellectual capital is the intangible capital of the company, it is based on the human resource that makes it up and a factor that favors the innovation of products or services. According to information generated by INEGI (2014), SMEs have a probability of survival and approximate life expectancy of 7.7 years and in Mexico represent 99.8% of the total of companies in the country (Promexico, 2014).

The companies of the city of Xalapa state of Veracruz, Mexico are no exception, so, in the search of answer to the question: if the SMEs of the service sector in Xalapa Veracruz use knowledge as a strategy of change, Has done this research, limited to companies located in the service sector with a number of employees greater than 10, and have a permanence in the market over four years.

The research question is whether, in the chosen companies, the development of knowledge is promoted as a strategy for change in the products or services that may favor its permanence in the markets.

In order to respond to this objective, a descriptive -argumentative research is carried out. The method of data collection will be the structured survey, while the unit of analysis to consider will be the company. It should be mentioned that this is considered the unit of analysis in the empirical work in the field of strategic organizational direction.

Considering that the resources of the companies are tangible ie physical and intangible assets or assets that are based on knowledge and information and that both allow to implement competitive strategies, it is until recently that these potential assets have been recognized in these assets. Successful development of companies (Itami, 1987, Nevis, Dibella and Gould, 1995, Andreau and Ciborra, 1996).

The intellectual capital of companies identified as a set of intangible strategic assets that are not included in their balance sheet, because of their nature, give advantages to the organizations that own them from the perception of customers, competition and towards themselves (Sveiby, 1996)

Multiple models have been developed such as Balanced Bussines Scorecard (1992), Strategic Direction by Competencies (1998), Flows of Intellectual Capital (1997). This research focuses on the tacit and explicit knowledge model of Nonaka and Takeuchi (1995).

The Nonaka and Takeuchi (1995) model states that an organization creates new knowledge through the conversion and interaction between tacit and explicit knowledge. This reciprocal relationship between two kinds of knowledge is the key to understanding the process of creation of knowledge.- The conversion of tacit to explicit is a social process between individuals since it is not confined to a single person.

The organization must mobilize tacit knowledge created and accumulated in an individual plan, this mobilized knowledge is amplified in the organization through the four forms of knowledge conversion: socialization, combination and internalization.

This generates a spiral of knowledge, since the scale of interaction of tacit and explicit knowledge will increase as it advances through the levels of the organization. Therefore, organizational knowledge can be defined as a continuous ascending process that begins with an individual, moves forward through ever larger interacting communities, and can cross the boundaries or boundaries of the organization's sections, departments, and divisions.

To consider the generation of knowledge as a competitive strategy of the company it is necessary to identify an organizational objective, according to Davenport (1996) it is indispensable the existence of this objective, that is a shared purpose or concept to unify the efforts of different members of the group

Finally, the strategy will be reflected in improvements in production or service, innovative efficiency and quality, conditions that position the company in the market. After Nonaka and Takeuchi (1995), authors such as Wong and Aspinwall (2004) point out that there is a shortage of intellectual capital studies and McAdam and Reid (2012) affirm that in SMEs there is little knowledge related to the impact of knowledge management And their implementation, Matlay (2000) found in their research in most companies there was learning, but only very few used it as a strategy.

Knowledge as a strategy requires integrating intellectual capital, knowledge management, and organizational learning (Bueno, E., 2007). Novelty and innovation are developed in spaces that favor learning and become knowledge managers. This aspect has been nurtured by the contributions of well-known scholars (Barthett, D, and Ghoshal, S, 1998, Garvin, D, 1998, Nonaka, I Takeuchi, M, 1997, Senge, P, 1990).

The management of knowledge in the organization, leads to the creation of organizational knowledge, understood as a process that organically amplifies the knowledge created by individuals and solidifies it as part of the knowledge network of the organization.

2. Method:

For this research, it is important to have information from the study population, which generally share certain characteristics in common. For this reason, the group to which the study variable refers are those SME companies that have at least 4 years of work in the service sector and 10 or more workers at the time of application of the evaluation instrument.

The variables investigated through the applied instrument consider the Nonaka and Takeuchi Model (1995) divided in the four processes of knowledge conversion: socialization, exteriorization, combination and internalization, additionally integrating innovation and management variables knowledge.

Socialization activities: The organizations that create knowledge base their management from the original ideas emanating from autonomous individuals, who contribute their experience to later spread them inside teams or groups and turn them into organizational ideas and collective commitments. This process is complemented by the interaction of the organization and the external environment since "knowledge is in the environment and not inside the human brain" (Gibson, J, 1979), ie if organizations adopt an open attitude

toward Signals from the environment can exploit the ambiguity, redundancy and noise of such signals to improve their system of knowledge.

Outsourcing activities (tacit to explicit knowledge): The key to the creation of knowledge is the mobilization and conversion of tacit to explicit knowledge (Polanyi, M, 1996), which once generated becomes organizational ideas and collective commitments within The company to later disseminate to other companies, customers, suppliers and competitors outside the company.

Combination activities (explicit to explicit knowledge): Knowledge-creating companies reflect their creative and operative dimension in how to generate and disseminate knowledge at all levels (individual, group, organizational and inter-organizational) and also with other related agents

Activities of interiorization (explicit to tacit knowledge): The fundamental strategy rests on the processes of knowledge conversion (Nonaka, I, Takeuchi, M, 1999) and constitute the motor of the creation process and the way in which individual knowledge is enunciated And amplified in and through the organization. The organization in this way acquires the capacity of response, adaptation and evolution to the changes in the environment which will give it competitive advantages because of the knowledge, the intellectual capital and the intangible assets that it develops.

Innovation activities: Knowledge management allows the creation of processes that can be performed by workers, access and use information to conquer new markets, and develop and distribute innovations in products and services (Ernest, J and Young, K, 1998).

Knowledge management: Developing the culture of transformation and innovation as pre-conditions for an institution to survive, move forward and respond quickly to changes in the environment. (Loach, S, 1998) and build new knowledge. Organizational learning is the key to enabling people and organizations to be more intelligent, memorizing and transforming information into knowledge, in turn generating intellectual capital, which represents the strategic perspective of the organization's measurement of intangible assets.

The contextual framework of these organizations includes the city of Xalapa, Veracruz, Mexico. According to the National Institute of Statistics, Geography and Informatics (2015), it has 480,841 inhabitants and is considered a town with great commercial, cultural and political activity, since it is the capital of the State. Services of all kinds flourishes and is one of the main sources of income of the population. Table 1 shows the following information on the basis of which the investigation was limited.

Table 1 Determination of companies by economic sector and number of employees

Place	Service sector	Number of Employees	TOTAL
Estate of Veracruz	Business	11 a 50	764
Xalapa, city	Business	11 a 50	53

Fuente:

<https://www.siem.gob.mx/SIEM/portal/consultas/respuesta.asp?tamano=2§or=3&estado=30&consultaporliga=1>
<https://www.siem.gob.mx/SIEM/portal/consultas/respuesta.asp?tamano=2§or=3&estado=30&consultaporliga=1>

Sample definition: In order to determine the size of the study population in a cross-sectional way, 53 companies with the above-mentioned characteristics were located in the zone, of which, based on random processes under cluster sampling, 36 were selected. The sample size was obtained from the formula:

$$n = \frac{Z^2 pqN}{NE^2 + Z^2 pq}$$

With a level of confidence and standard error determined to consider a probabilistic statistical process, on the variable to analyze that corresponds to knowledge management.

Evaluation Instrument: A Likert scale or summary assessment method is used, with seven levels on the implication of agreement and disagreement in gradual values, in six blocks.

The block for *socialization activities* consists of five questions, all aimed at establishing the interest of the entrepreneur in the interaction of his company, the external environment and knowing the signals of the market.

For example, "Visits to customers are encouraged to know their needs, current uses, complaints or benefits of our company's products" or "Imitation and / or design of processes or products as a result of observation Made to the experts of our company."

The block destined to determine *the exteriorization activities (tacit to explicit knowledge)*. It was designed with five questions, including: "It promotes creative dialogue and the exchange of ideas at all levels" or "The creation of manuals, documents and product and processes is done"

Combination activities (explicit to explicit knowledge). It consists of seven items that include questions like. "Dialogue with clients and documentation of complaints, suggestions, requests for help, etc. is a common practice" or "Formal education and training with courses is provided by staff from the same company" The activities of *interiorization (explicit to tacit knowledge)*: It consists of three items asking for example ". It allows experimentation with processes and / or products from manuals, best practices, oral histories, documents "

Innovation activities: 16 questions were designed, including: "All our employees play an important role in innovation in our business, considering their knowledge and ideas" Knowledge management activities: They include 14 questions, such as "The knowledge that my colleagues have allows them to efficiently carry out their work" "The company allows them to apply their knowledge"

3. Results and Discussion:

Once the questionnaire was applied, the results are shown below:

In reference to the socialization variable, 56.67% of respondents 24.67% consider it fundamental for the successful development of their company and 22% do not seem fundamental.

Outreach activities are considered important for 56.67% of respondents, 30% believe they are in total agreement and give their human resource a significant weight, 14% see their importance but do not consider it fundamental for the success of their business. Figure 1 shows a bar chart showing the exteriorization activities and their level of acceptance.

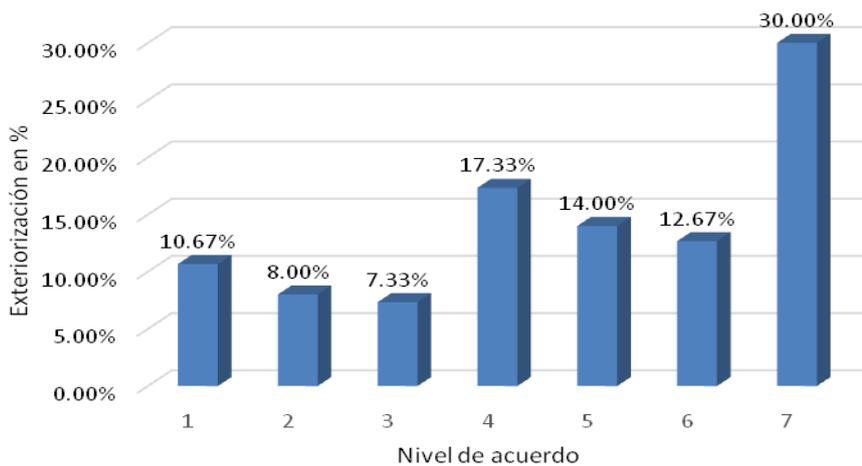


Figure 1. Bar chart showing the activities of exteriorization and its level of acceptance. Source: Made by myself

With respect to combining activities (explicit to explicit knowledge) only 42.86% agree, of which 19% .05 considers it important and 12.88 believes it is not so much. This is shown in Figure 2

Figure 2

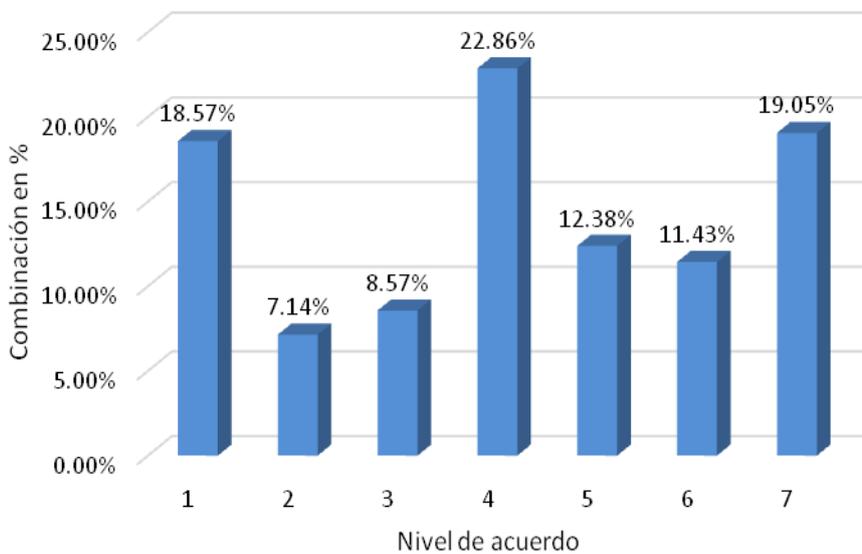


Figure 2. Answers regarding combining activities. Source: Made by myself

The answers regarding the internalization activities (explicit to tacit knowledge) to 52.21% interested in doing them where the 24.44% of major importance and 13.33% less. The above is shown in figure No 3 Sector chart on interiorization activities

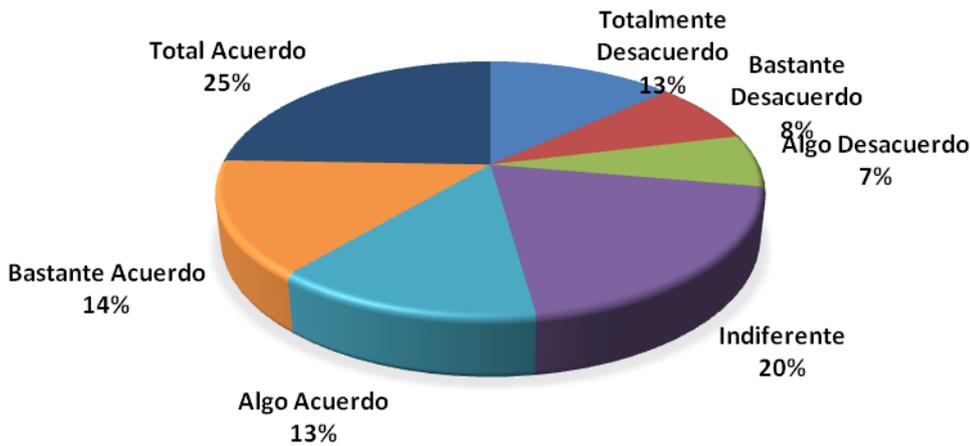


Figure 3. Pie chart on interiorization activities. Source: Made by myself

The response to the innovation activities only 50.03% said to be interested in promoting them, of which 26.04% is totally agree that it is fundamental and 18.33% expresses some agreement this is shown in table No 2

Table No 2 Response to innovation activities

Totally Disagreement	Quite Disagreement	Something Disagreement	Indifferent	Something Agreement	Quite Agreement	Total Agreement
13.13%	8.54%	8.33%	16.67%	18.33%	8.96%	26.04%

The response to activities reacted with practice to achieve knowledge management results show that in reference to the knowledge management variable 63.55% of the sample interest in this. Of this total, 35.24% take it as a priority, and only 13.10% manage it eventually. The above is shown in Figure No. 4 bar chart on innovation activity.

Figure 4

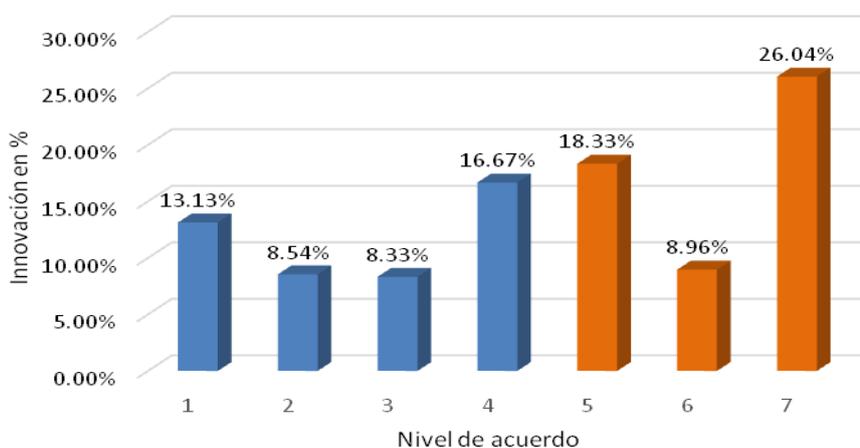


Figure 4. Bar chart on innovation activity. Source: Made by myself

4. Conclusions:

It can be inferred from the results obtained that Xalapa's companies engaged in the social services sector do not agree to practice it, since only 24% of respondents said that if they practice it against a 30% disagree and 13.33 representing 43.33%. This is really worrying because it indicates that the entrepreneur does not have interest in knowing its environment and therefore it does not know the tendencies of the market where it carries out its activity. Of the variable externalization, although more than half of the interviewees (56.67%) stated that it is propitious, it should be remembered that the key to the creation of knowledge is the mobilization and conversion of tacit knowledge to explicit and subsequently dissemination to other companies, clients, Suppliers and competitors outside the company, which if the first one is not correlated is difficult to specify

Combination activities (explicit to explicit knowledge) are only considered relevant for 19.05% of the companies interviewed, which are willing to allow environments to share experiences of workers, generate and disseminate knowledge to all Levels. The activities of internalization (explicit to tacit knowledge), 52.21% of respondents stated that they are interested in some degree to perform them, only for 24.44% represent activities of the utmost importance and identify that in them is the fundamental strategy for the company Is able to respond and adapt to changes in the environment which will give it competitive advantages because of the knowledge, intellectual capital and intangible assets that it develops.

Regarding innovation activities, only 50.03% say they are interested in promoting them, of which 26.04% fully agree that it is fundamental and 18.33% expresses some agreement. The answer to questions related to activities to achieve knowledge management results show that 63.55% is interested, but of this total only 35.24% considers it a priority to develop the culture of transformation and innovation as preconditions for permanence of a Institution to survive, move forward and respond quickly to changes in the environment.

In conclusion, knowledge management is not a strategy of change in the majority of SMEs in the service sector in Xalapa Veracruz, since a little less than a third of the companies interviewed are convinced of their importance.

For the remaining two-thirds of the companies interviewed, it is not significant to develop activities that promote knowledge as a strategy for organizational change. Finally it can be affirmed that the internally generated organizational knowledge, understood as a process that organically amplifies the knowledge created by individuals and solidifies it as part of the organization's knowledge network, does not continue its upward spiral by socializing itself to the rest of the organizations, But remains confined within the company without being shared, which does not encourage the multiplier effect that generates the movement towards organizational change and innovation or ensure permanence.

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