Knowledge Risk Management in SMEs: Opportunities and Challenges

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Aim of the paper

The aim of this study is to highlight the contribution of knowledge risk management (KRM) to small and medium-sized enterprises (SMEs) and their efforts to cope with current and future business challenges. Specifically, this study seeks to answer the following three research questions:

1. What are risks related to knowledge?

2. How is knowledge risk management defined in extant research?

3. Do SMEs attempt to manage knowledge risks, and, if so, what strategies and methods are employed for this purpose?

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Given the importance of knowledge a strategic approach to its (risk) management is required to help SMEs survive in the long run. Therefore exploring these questions will provide a clearer understanding of knowledge risk management in general and in SMEs in particular.

Background Literature

Extant literature suggests that there is a paucity of research concerning KRM in general and in SMEs in particular (Neef 2005; Massingham, 2010). In light of the mass of theoretical and empirical work that has been conducted in the field of knowledge and its management (e.g. Kogut and Zander, 1992; Nonaka, 1994; Wiig, 1997; Majchrzak et al., 2004; du Plessis, 2007), this is somewhat surprising. Indeed, it indicates that knowledge continues being regarded mainly as something of value, i.e., an asset or a skill (Stam, 2009; Durst, 2013). Risks related to knowledge or intangibles, however, should not be underestimated in order to avoid jeopardizing the company´s capability to take actions (Delong, 2004). This is even more true in view of the demographic challenges as many companies are exposed to high rates of retirements. Also cooperation can involve the danger of knowledge risks, in the case that knowledge is intentionally appropriated by the partners (Jiang et al., 2013). Given the resource constraints, an integration of a risk management approach in the overall knowledge management strategy is thus particularly relevant for SMEs.

Methodology

This study seeks to provide a rigorous analysis of the state-of-the-art research into knowledge risk management in general and with regard to SMEs in particular. In order to do so the review process will be based on the principles of a systematic review as recommended by Jesson et al. (2011) namely:

1. Mapping the field through a scoping review – This means that one establishes the known and any knowledge gaps.

2. Comprehensive search – This means that one reverts to the different electronic databases available (in the given case: the databases ABI/Inform, EBSCO and Web of Science) and start searching within those databases using a number of predefined keywords (in the given case: a combination of search terms such as “knowledge risk management”, “intangible risk management”, “risks related to intangibles”, “intangible risks”, “knowledge risks” “managing knowledge risks” and/or “SMEs”, “small businesses”) as well as other inclusion criteria (in the given case: peer reviewed articles, English language).

3. Quality assessment – This comprises the reading (that is scanning the abstract and if necessary more sections of the paper) of the papers identified and the decision about whether or not to include them in the review (this will be done by each author individually).

4. Data extraction – This refers to the collection of relevant data from the selected papers and the capturing of the data into a pre-designed extraction sheet (consisting of key aspects related to the research aim: name of author(s), year of publication, research aim/objectives, theoretical perspective/framework, definition of KRM, research method, main findings, and name of the journal).

5. Synthesis – This comprises the synthesis of the data from each individual paper into one sheet in order to show the known and to provide the basis for establishing the unknown (each author will do this individually before the findings will be jointly discussed).

6. Write-up – This final stage is about the production of the report about the review.

Results and Implications

Based on the theoretical analysis the study will provide a definition of KRM. Additionally, the findings will be summarized in a framework that highlights the critical aspects of KRM SMEs have to take into account when trying to strategically manage their knowledge. This will also enable the development of a checklist for practitioners (i.e. managers of SMEs) which is considered to be the final contribution of the study.

This study makes the following specific contributions to extant research. First, this study contributes to the young field of KRM in general and SMEs in particular. Second, the study is a fruitful step for advancement in knowledge management theory and practices. Finally, the study expands the study of risk management in SMEs by focusing on knowledge risks which represent relevant but often overlooked types of risk.

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