

# Knowledge Management and Employee General Competencies in Accounting Firms

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**Abstract** This paper aims to shed light upon the impact of knowledge management on employee general competencies in accounting firm services (accounting offices). In this study, general competencies consist of abilities regarding (a) communication and teamwork, (b) problem solving and prioritizing, (c) time management and creativity, (d) interpersonal relations, (e) knowledge acquisition and application, and (f) risk taking and challenging. Knowledge management is primarily regarded the knowledge sharing culture, which consists of values about communication and information exchange, human relations, group decision-making and knowledge diffusion. The stimuli of this research can be traced on the empirical inconclusiveness in the existing literature investigating individual competencies and knowledge management mechanisms, as well as their association. The empirical findings from a survey of 141 employees in accounting offices in Central Greece confirm that all types of general competencies are significantly associated with knowledge sharing culture. As a consequence, management may invest on training in order to develop general competencies, which in turn, will boost knowledge sharing. Thus, accounting services firms may build a sustainable competitive advantage on knowledge management.

**Keywords** General competencies • Knowledge management • Knowledge sharing • Accounting • Greece

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## Introduction

Globalization, fierce competition, financial crisis, and advances in communication and information technology trigger the emergence of a knowledge-driven economy forcing organizations to depart from traditional perspectives in terms of human resources and adopt a knowledge management approach. Knowledge management (KM) focuses on identifying, sharing, creating, and storing of knowledge in pursuit of organizational learning (Rowley 2000).

In the OB literature, a series of empirical studies has acknowledged the impact of knowledge sharing (KS) on the successful implementation of KM and organizational excellence (e.g., Widen-Wulff and Ginman 2004; Yang 2007a). KS aims at the creation of job-related tacit knowledge amongst organizational members. KS embraces employees' willingness to share knowledge (King 2006) and colleagues' information exchange across the organization (Bartol and Srivastava 2002). KS behavior can be shaped and expressed by a variety of forms and factors such as motivation, social relationship, and organizational culture (e.g., King 2007; King and Marks 2008; Lee and Suliman 2002; Goh 2002). Knowledge transfer and exchange among group members of an organization facilitates the development and sharpening of individual competencies (Hakkarainen et al. 2004; Sveiby 2001). Competencies can be distinguished into specific, which are essential to perform specific technical (or functional) tasks and also, general competencies including intelligence, information-processing, key competencies, and meta-competencies. More, the literature provides support to the influence of general competencies on job-related attitudes such as job satisfaction and performance.

## Theoretical Background

### *Knowledge Management and Knowledge Sharing*

In the relevant literature (e.g. see Nonaka 1991; Rowley 2000; King 2007), Knowledge Management (KM) is defined as a process of collecting and identifying valuable information (i.e., knowledge acquisition), enabling employees to recover organizational knowledge, exploiting, applying knowledge, and disseminating it through the organization (i.e., Knowledge sharing) and storing knowledge in a repository (i.e., organizational memory). A comprehensive definition of KM has been put forth by Rowley (2000), stressing the importance of identifying, sharing, creating, and storing knowledge in pursuit of organizational learning.

KM embraces the concepts of explicit (documented) and tacit (subjective) knowledge (Nonaka 1991). The explicit can be traced in tangible written or oral forms such as procedures, policies, rules, and regulations, and thus, is easily acquired, transferred and shared; the tacit knowledge, also termed "embrained knowledge" and "procedural knowledge" (Argyris and Schon 1978; Polanyi 1966), is intangible and refers to mental constructs, values, beliefs, and know-how.

Knowledge sharing (KS) has been regarded as the most crucial component of KM (e.g., Bock and Kim 2002; Gilbert and Krause 2002; Inkpen 2000; King 2007) and defined as employees' willingness to share their valuable knowledge with others (King 2006) as well as employees' actions to diffuse and exchange information across the organization (Bartol and Srivastava 2002). Empowering individuals to be willing to share knowledge, can be expressed by various forms (King and Marks 2008), stemming from personal belief structures and/or institutional structures (Szulanski 1996) such as shared values, norms, accepted practices, or perceptions held by employees within an organization; these are usually described as "culture" (King 2007).

A number of scholars have proved the association of specific characteristics of organizational culture with the successful implementation of KM, such as collaborative (as opposed to competitive) climate and trust (e.g. Goh 2002; Sveiby and Simons 2002; Wagner 2003), top management commitment (Hislop 2003), mentoring (von Krogh 1998), accountability for team sharing (Bollinger and Smith 2001), innovative, problem-seeking, and problem-solving orientation (Goh 2002), and spontaneous and voluntary sharing (Dixon 2002). Ruggles (1998) concluded that the most important obstacle for knowledge sharing is organizational culture.

### ***Knowledge Sharing and General Competencies***

KS attempts to facilitate and develop job-related tacit knowledge amongst members of organizations. In particular, KS may refer to individuals' knowledge, insights, and working experience that are related to current tasks such as daily routines, accounting services offered, interpersonal relation techniques, communication skills, standard operation procedures, decision-making, creativity and problem solving skills, employee behaviors, and customer interaction skills (King 2007). Knowledge interflows among organizational members helps advance individual competencies and collectively create new knowledge (Sveiby 2001). Knowledge synergies lead to enhanced social capital whose benefits are: (a) knowledge sharing refines knowledge created by dialog amongst members who possess knowledge and also (b) individual learning for those who receive knowledge. Empirical findings show that firms' culture characterized by openness and empowerment boost integration of individual competencies into organizational knowledge creation and sharing (Gupta et al. 2000). Following an extensive review of empirical studies in psychology, sociology and education, Hakkarainen et al. (2004) argued that social interaction, knowledge sharing and collective problem solving, develop human competencies related to network expertise. Thus, the following hypothesis has been proposed:

**Hypothesis 1** Knowledge sharing exerts a significant positive impact on general competencies.

## Methodology

The instrument was a structured questionnaire based on 7-point Likert scales used to measure knowledge sharing and general competencies. The knowledge sharing scale adopted has been validated in similar contexts (e.g., see Yang 2007a, b; Trivellas et al. 2015a). General competencies were measured by the well-established Allen's et al. (2005) scale (e.g., see also, Trivellas et al. 2015a, b). The questionnaire was tested twice before released by five academics and ten accountants coming from different firms. To ensure translation validity, a translate/back translate from English to Greek procedure was used by three bilingual researchers. The field research generated 141 responses (70.5 % response rate) from employees in accounting services firms (accounting offices). Most of them are micro-enterprises (less than 10 employees). Regarding demographics, 49 % of the sample is female, 26 % are front-line employees, 20 % are supervisors (at a lower hierarchical level), and 48 % are less than 35 years old.

## Statistical Analysis

Principal Component Analysis (PCA) confirmed a six-factor latent structure of the general competencies construct and the uni-dimensionality of knowledge sharing scale (see for in depth analysis Trivellas et al. 2015b). The resulting six groups of general competencies were labeled as (a) communication and teamwork, (b) problem solving and prioritizing, (c) time management and creativity, (d) interpersonal relations, (e) knowledge acquisition and application, and (f) risk taking and challenging. Cronbach's alpha used to test internal reliability of each sub-dimension was found to be well over the minimum acceptable reliability level of 0.7.

To investigate the link between general competencies and KS, multiple regression analysis was performed. Seven control variables were included (i.e., gender, age, educational level, working experience, hierarchical level, firm's size, and monthly income). The effect of general competencies on KS (see H1) is shown in Table 1. The model is significant ( $p < 0.001$ ) while 63.9 % of the total variance of knowledge sharing is explained by the independent variables. Also, there are no serious multicollinearity problems among the independent variables as the VIF is far below the three points limit suggested in the literature. The data were examined for outliers, skewness, kurtosis, and multivariate normality too.

Findings reveal that four out of the six clusters of general competencies are significantly and positively related with KS, namely, knowledge acquisition and application (std. beta = 0.220,  $p < 0.05$ ), communication and teamwork (std. beta = 0.234,  $p < 0.05$ ), interpersonal relations (std. beta = 0.214,  $p < 0.05$ ), and risk taking and challenging (std. beta = 0.203,  $p < 0.05$ ). In contrast, such general competencies as problem solving, prioritizing, time management, and creativity do not promote KS culture values. Regarding control variables, only gender

**Table 1** Regression results pertaining to the relationship between general competencies and knowledge sharing, controlling for seven variables

	Std. beta	Sig.
Demographics (nonsignificant except from gender and age)		
Gender	-0.153	0.007
Age	0.302	0.007
Knowledge acquisition and application	0.220	0.014
Problem solving and prioritizing	0.015	0.905
Time management and creativity	0.026	0.830
Communication and teamwork	0.234	0.030
Interpersonal relations	0.214	0.011
Risk taking and challenging	0.203	0.012

Dependent variable: Knowledge sharing culture, Adjusted—R square = 0.639,  $p < 0.001$  (N = 144)

(std. beta = -0.153,  $p < 0.01$ ) and age (std. beta = 0.302,  $p < 0.01$ ) are significantly related to KS, meaning that male and older employees exhibit higher level of KS behavior.

## Discussion and Conclusions

This study investigates the link between general competencies and knowledge sharing (KS) in accounting services firms. Drawing from a sample of 144 employees of accounting offices, four clusters of general competencies are found to be strongly related to knowledge sharing culture. In particular, extrovert competencies promoting knowledge acquisition and application, risk taking and challenging, communication and teamwork, and interpersonal relations are followed by attitudes facilitating knowledge sharing at the workplace; introvert general competencies such as problem solving and prioritizing, time management and creativity, exert no effect on knowledge sharing culture.

KS lies at the core of KM. Building on shared values, norms, accepted practices, or perceptions held by employees within an organization, KS evolves into a knowledge-centered culture which molds individual behavior (e.g. see King 2007; King and Marks 2008; Lee and Suliman 2002; Goh 2002). Then, KS culture facilitates the development of new general competencies or sharpen existing ones, such as inventing new ideas, communicating, interpersonal relationships, prioritizing, creativity, planning, problem solving, and team working. Still, the advancement of general competencies drives individual effectiveness expressed by job satisfaction. Competent employees are one of the utmost important resources in the pursuit of a sustainable competitive advantage. Hence, managers in accounting services firms should adopt KM practices and techniques and nurture a KS culture to improve employees' competency profiles.

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