Knowledge Management Resources, Firm-specific Capabilities and Performance of Small and Medium-sized Enterprises in Hong Kong: A Resource-based View

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Declaration

I hereby certify that the work embodied in this Dissertation Project is the result of original research and has not been submitted for a higher degree to any other University or Institution.

(Signed) ________________________________
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Abbreviations

- CEO – Chief Executive Officer
- CKM – Cultural Knowledge Management
- EFA – Exploratory Factor Analysis
- FP – Firm Performance
- FS – Firm-specific Capabilities
- HKM – Human Knowledge Management
- KM – Knowledge Management
- R+D – Research and Development
- SKM – Structural Knowledge Management
- SME – Small and Medium-sized Enterprise
- TKM – Technical Knowledge Management
- VRIN – A Resource based framework consists of four potential firm resources including valuable (V), rare (R), imperfectly imitable (I), and non-substitutability (N) which was developed by Barney (1986).
- VTC – Vocational Training Council
Abstract

Research on knowledge management (KM) resources is a crucial topic in strategic business management. While the concepts of the KM model as a powerful competitive tool have been widely discussed and recognized in the business management literature, the sustainability of firm-specific capabilities provided by KM resources has not been examined well using a resource-based view (RBV) approach. The KM resources and capabilities should be appropriately acquired by firms in order to achieve competitive advantage and long-term performance. Firms of small and medium size are generally not familiar with acquiring KM and related resources for implementing KM practices and activities to achieve performance because of limited resource allocation and lack of managerial experience. Moreover, only a few studies have explored KM resources using the RBV approach. There are no similar previous studies conducted in the Hong Kong context. With the limited resources and complex environment, business-related capabilities are difficult to achieve. In particular, Hong Kong SMEs face a lack of knowledge resources and KM framework and motivation for strategic management, suffer in terms of their limited financial resources and product development time, have difficulties in attracting and retaining skilled and experienced employees for KM, and lack bargaining power across the value chain and incentive systems as well as information for building knowledge-based resources within the firm.

To fill these gaps in the literature, this study applies the concepts of KM and empirically examines the association between KM resources, firm-specific capabilities, and SME performance. As resources and firm-specific capabilities are rare and difficult to imitate
under the RBV approach, firms need to develop KM resources for deriving the related capabilities that serve their long-term performance. The objective of this research was to answer the research question: Do KM resources contribute to the firm-specific capabilities and subsequently affect firm performance? This study employs a resource-based view (RBV) approach to examine four different types of KM resources, and the firm-specific capabilities of small and medium-sized enterprises’ (SMEs) performance in Hong Kong. The KM resources include various types of relevant practices and activities such as technical KM resources, structural KM resources, cultural KM resources and human KM resources. Each of these KM resources is defined as a set of practices and activities according to previous KM studies. The effort of this research lies in evaluating the availability of KM resources in enhancing firm-specific capabilities. Results were derived from a cross-industry survey of 127 SMEs in Hong Kong, and a set of hypotheses testing was conducted with a multiple regression model. Empirical findings show that effective and efficient management of KM resources by using the RBV approach significantly enhances and improves firm-specific capabilities, which then can positively affect SME performance. This helps to formulate a better understanding of what KM constructs are and how they affect firm-specific capabilities more efficiently with RBV. Through well-structured questionnaires, the research demonstrates that KM resources can be integrated into business strategy to enhance firm-specific capabilities.