

When do entrepreneurial firms benefit from transactive memory systems?

Transactive
memory
systems

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Abstract

Purpose – Despite the recognized importance of transactive memory systems (TMS) for firm performance, this relationship remains misconstrued for entrepreneurial firms. Some researchers argue that entrepreneurial firms benefit from effective knowledge management systems, whereas others contend that such systems may prove expensive for resource-scarce entrepreneurial firms. Accordingly, the purpose of this paper is to explore this relationship in the context of Indian entrepreneurial firms. Furthermore, the authors argue that relationship conflict among organizational members impacts the TMS–performance link for entrepreneurial firms.

Design/methodology/approach – Data were collected from 127 entrepreneurial hotels in the Uttarakhand state of India and analyzed using multiple linear regression.

Findings – The findings of this study establish a positive relationship between TMS and firm performance for entrepreneurial firms. Also, it is found that TMS becomes more nuanced and beneficial in the presence of relationship conflict between organizational sub-units and is a unique finding that can be potentially helpful to entrepreneurs bestowed with the task of knowledge management in their organizations.

Practical implications – This study offers at least two insights to entrepreneurs. First, establishing TMS – i.e. managing knowledge in such a way that specialization units are created, credibility is established among the knowledge units, and there is scope for sufficient communication – leads to enhanced performance in entrepreneurial organizations. Second, as the level of relationship conflict within the entrepreneurial firm increases, it becomes all the more crucial to emphasize TMS.

Originality/value – Although researchers in the literature of knowledge management have emphasized a lot on its performance outcomes, relatively little research effort has been placed on understanding this link for entrepreneurial firms. The current study filled this void in the literature and offered crucial implications for entrepreneurial firms operating in dynamic environments such as hotels. Additionally, the data collected from a relatively unexplored context of Indian hospitality industry offer a valuable addition to the entrepreneurship literature.

Keywords Firm performance, Entrepreneurial firms, Transactive memory systems

Paper type Research paper

Introduction

Effective knowledge management is a crucial capability for entrepreneurial ventures and small businesses, as knowledge is the most valuable resource for such ventures (Desouza and Awazu, 2006). Entrepreneurship researchers have been concerned for a long time about understanding the processes through which entrepreneurial ventures can manage and utilize their existing knowledge (Brush, 1992; Dalley and Hamilton, 2000; Shelton, 2001). One mechanism of knowledge management which has gained prominence in the literature is transactive memory systems (TMS). TMS entails creating specialization of task skills, coordination among various task members, and fostering credibility of knowledge systems. The importance of TMS is emphasized by Theiner (2013, p. 65) who argued that “over the past



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