

RELATIONAL CAPITAL AND KNOWLEDGE TRANSFER AS THE SOURCES OF BUSINESS COMPETITIVE ADVANTAGE

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Abstract: The paper is an extract of a study conducted as part of a larger university project. The thesis set within the research assumed that the relational capital and knowledge transfer have a significant impact on building the competitive advantage of a business. The studies carried out with the use of literature search and case study analysis methods, focused on the relationships between businesses and suppliers. The tools affecting the open and concealed knowledge flow in the relational capital were identified and an attempt was made to determine the role of the relational capital in building the competitive advantage of a business. The publication includes explanation of correlations between the relational capital and knowledge transfer.

Keywords: knowledge transfer, open knowledge, concealed knowledge, relational capital, knowledge transfer tools.

1 Relational capital vs. knowledge transfer

Knowledge functions as a term without any unambiguous definition, although there have been numerous attempts to reach consensus. It is commonly interpreted as all the information gained thanks to research, learning and as information resource in specific field.

The ancient philosophers – Plato and Aristotle – were the first who attempted to define the notion of knowledge – their considerations initiated the rationalistic (based on the mental processes) and empirical trend (based on sensual experiences) in the science about knowledge. The contemporary sources indicate the important role of philosophy in defining the notion of knowledge¹.

Furthermore, there are numerous interpretations of the notion as information (data) depending on the level of understanding and the context² indicating at the same time that interpretation of knowledge in a way that reduces it to information only is erroneous, without limitation, due to the necessity for processing the information, but also due to the existence of correlation between knowledge and other factors, such as experience, teaching process or observation³.

Nonaka – the author of the statement „new knowledge always begins with the individual”⁴ – points out the manager’s intuition, which, combined with the concept, becomes the catalyst of a new idea and this will result in contribution to the creation of a new product. This kind of reasoning leads to a conclusion that it is the personal knowledge subjected to transfer that becomes the foundation of the organisational knowledge, which constitutes an invaluable asset for a business. It is worth noticing that the knowledge of individuals is created in the process of education and upbringing, supplemented by the use of other forms of instruction (courses, training sessions, etc.). This means that each organisation possesses a knowledge resource to be used depending on knowledge management with the use of efficient tools allowing for complete application of the concealed resources being at the disposal of a business.

From an entrepreneur’s point of view, knowledge is undoubtedly an invaluable capital and skilful creation and appropriate management of knowledge is an indispensable condition to assure development and building competitiveness of an

organisation (cf. Opolski K.(red.), *Doskonalenie jakości w bankach*, CeDeWu, Warszawa 2002, 13 p.)

The literature in numerous cases refers to the division into concealed (silent) knowledge characterised with intangibility, identified with experience and education of specific individuals and evidenced, systemised form of knowledge, called open (formal) knowledge⁵.

The transfer of concealed knowledge to open knowledge is called the knowledge creation process contributing to transformation of action plans, organisational structure and in effect, implementation of innovative technologies or products, brings about the modified image and development of a business⁶. There are numerous definitions of knowledge transfer in the literature. The definition offered by Bednarek is worth attention: „it is a regular, distinct and reasonable creation, renewal and application of knowledge to maximise the knowledge of organisation, knowledge related to efficiency and improvement of organisational value”⁷. Another definition was formulated by Mladkova who pointed out in her paper the correlation between knowledge management and taking up conscious actions leading to appropriate knowledge possessed by appropriate people in appropriate time and reference to the organisation’s demands⁸. Trautman presented a similar definition⁹.

The overview of the definitions leads to a conclusion that information exchange is the foundation for knowledge management strategy in an organisation and it can be based on the 5-stage model by Noaka or transmission and absorption¹⁰. Both forms of transfer will represent the relational capital.

The correctly formulated and maintained relationships with external entities form an indispensable element of building the competitive advantage of a business (cf. Porada-Rochoń M. (editors), *Restrukturyzacja przedsiębiorstw w procesie adaptacji do współczesnego otoczenia. Perspektywa międzynarodowa, [Restructuring of a business in the process of adaptation to contemporary environment. International perspective]* Difin, Warszawa 2009; Urbanowska-Sojkin E., *Zarządzanie strategiczne przedsiębiorstwem, [Strategic Management of a Business]* Polskie Wydawnictwo Ekonomiczne, Warszawa 2004). This is related to the necessity for mutual co-operation between entities and for creation of a network of links to the potential customers, suppliers, business partners and competitors of a business. Building the proper relationships among the employees of an organisation is also of particular significance here. The relationships appropriately constructed improve the knowledge flow process, but they also enable access to the necessary knowledge resources¹¹. The existence of relationships is not the unambiguous determinant of the competitive success. The maintenance of co-operation between the entities, based on

⁵ Dziuba D., *Gospodarki nasycone informacją i wiedzą. Podstawy ekonomiki sektora informacyjnego*, Uniwersytet Warszawski, Warszawa 2000, 58 p.; Wrycza S., *Informatyka ekonomiczna. Podręcznik akademicki*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2010, 457 p.

⁶ Nonaka I., *Knowledge Creating Company*, „Harvard Business Review”, 101 p.

⁷ Bednarek M., *Doskonalenie systemów zarządzania, Nowa droga do przedsiębiorstwa lean*, Difin, Warszawa 2007, 46 p.

⁸ Sarka H., Tools of Internal Communication from Knowledge Transfer Perspective. *Journal of Competitiveness*. Vol. 6, Issue 4, pp. 50-62, December 2014, 52 p.

⁹ Trautman S., Knowledge Transfer. Preserving Your Secret Sauce. http://cdn2.hubspot.net/hubfs/1663920/White_Paper_-_Preserving_Your_Secret_Sauce_-_The_Steve_Trautman_Co..pdf?_hssc=208992205.3.1507269139272&_hstc=208992205.7627e00809f9122815782dc9b8dd9e.1507269139271.1507269139272.1507269139272.1&_hsfp=2383892897&hsCtaTracking=12129590-847b-482c-b823-227c886cc194%7C2a3806b0-ba1f-4d6a-a98f-47a4f6094a4f; 6.10.2017, 4 p.

¹⁰ Zhou, A. and Fink, D., The Intellectual Capital Web: A Systematic Linking of Intellectual Capital and Knowledge Management. *Journal of Intellectual Capital*, 2003, 4, 34-48, 43 p.;

Łopusiewicz B. (red.), *Zarządzanie wiedzą w systemach informacyjnych*, Wydawnictwo Akademii Ekonomicznej, Wrocław 2004, 92 p.

¹¹ Hormiga E., Batista R., Sánchez A. *The role of intellectual capital in the success of new ventures*. *International Entrepreneurship Management Journal*, 7(1), s. 71-92, 2011.

¹ Jashapara A., *Zarządzanie wiedzą*, Polskie Wydawnictwo Ekonomiczne, Warszawa 2006.

² Watson I., *Applying Knowledge Management. Techniques for Building Corporate Memories*, Morgan Kaufmann Publishers San Francisco 2003, 7 p.

³ Dziuba D., *Gospodarki nasycone informacją i wiedzą. Podstawy ekonomiki sektora informacyjnego*, Uniwersytet Warszawski, Warszawa 2000, 45 p.

⁴ Nonaka I., *Knowledge Creating Company*, „Harvard Business Review”, 97 p.

mutual trust, exchange of tangible and intangible assets with the environment are necessary here¹².

The studies on the relational capital indicate that the quantity and quality of knowledge acquired by a business depends on three basic dimensions of the relational capital with the partners: the level of trust, the level of transparency of relationships between the entities and frequency of interactions¹³. The formation of relationships between the entities and the knowledge acquired in the process of building such relationships affects such functional aspects of a business as adaptation of the offer to the market, personalisation of contacts and integration of business processes with the customers, suppliers, business partners and the employees¹⁴.

1.1 Tools indicating the transfer of knowledge of the relational capital

Building the strategy of a business is based on determination of what kind of knowledge is its strategic asset, analysis whether its use is able to assure advantage on the market and then indication of key skills that must be possessed in order to use knowledge. Another stage is the verification and adaptation of processes and technologies supporting the organisational structures and formation of a knowledge caring culture. Information shall also affect the improvement of the organisation's attractiveness. The key aspects in this case shall include knowledge awareness and its appropriate transfer, focus on core business activity and organisational culture¹⁵. The said factors, however, do not represent a closed catalogue, therefore, some more extended catalogue of knowledge transfer tools appear in the literature (cf. Gomółka Z., *Doskonalenie funkcjonowania organizacji, [Improving the functioning of an organisation]* Difin, Warszawa 2009 oraz Opolski K. (red.), *Doskonalenie jakości w bankach [Improving Quality in banks]*, CeDeWu, Warszawa 2002).

The analyses of studies on knowledge transfer indicate the necessity for development and improvement of tools affecting the knowledge transfer. They also indicate the immense significance of training and the use of new technologies¹⁶ as well as migration of human resources, e.g. between departments of a business¹⁷.

The results of studies carried out in Poland show that 80% of the businesses surveyed motivate their employees to share their knowledge and experiences, in spite of the fact that this is related to substantial restrictions (strong competition among the employees, particular departments and low awareness of benefits offered by knowledge sharing). Moreover, it was observed that 55,33% of the entities surveyed do not use coaching and mentoring. Only 5,33 % of the businesses regularly use meetings as knowledge transfer and only 14,67% businesses internal training courses are regularly conducted (in 51,34% they were conducted sporadically or were not conducted at all). It was also noticed that the organisations do not apply systems facilitating

internal communication (only 19,33% businesses had such systems)¹⁸.

The analyses clearly indicate the incorrect use of knowledge in businesses, due to the incorrect approach to consolidation and dissemination of knowledge (cf. Łychmus P., *Coaching oparty na wiedzy [Knowledge-based Coaching]*, C. H. Beck, Warszawa 2010, 106-110p.).

The study results show the necessity for skilful construction of relationships between a team members, the appropriate selection of the managerial staff¹⁹ and the advantage of the tools based on interactions between the employees.

The tools based on the use of new technologies (conference-calls, e-mail exchange, intranet, on-line conferences) primarily used in international businesses where direct contact is difficult²⁰ which proves the permanent extending of the transfer tools catalogue.

1.2 Competitive advantage

The theoretical considerations and studies carried out in the scope of competitiveness contributed to the formulation of a few theories concerning this phenomenon. The first – Porter's theory – was based on the co-existence of five forces: supplier power, buyer power, threat of substitution, threat of new entry and competitive rivalry²¹. Another – Hamel and Prahalad's theory – is based on the resources where the main competitiveness source is the effect of unique resources of a business²².

The studies on the competitive advantage indicate the direct correlation between knowledge and its effective distribution among the entities, including without limitation efficiency of the organisation or cost reduction²³. At the same time it is indicated that knowledge without the relational capital or abilities to learn will never constitute a sufficient tool allowing for building strong advantage on the market. The competitive success of a business is in the skilful use of dependencies existing between the assets²⁴.

2. Selection of case studies

The case study method was used in the research. As a result of the interviews with the managers and HR Management staff members, information was acquired on the solutions and tools affecting the transfer of open and concealed knowledge within a business and between the business and the entities it co-operates with. Moreover, an attempt was made to diagnose the restrictions of knowledge transfer and identification whether there is a correlation between knowledge transfer and building the relational capital and between knowledge transfer and the competitive advantage of a business. It was verified whether businesses apply coaching or/and mentoring to consolidate the knowledge transfer. Businesses from the construction,

¹² Chomiak-Orsa I., *Zarządzanie kapitałem relacyjnym w procesie wirtualizacji organizacji. Podejście modelowe*, Wydawnictwo Uniwersytetu Ekonomicznego we Wrocławiu, Wrocław 2013, 110 p.

¹³ Sawhney M., Zabin J., *Managing and Measuring Relational Equity in the Network Economy*. Journal of the Academy of Marketing Science. Vol. 30, nr. 4., 2002, 237-238 p.

¹⁴ Kohtamäki M., Vesalainen J., *Supplier-customer cooperation, relationship development and supplier's profitability*. <https://www.researchgate.net/publication/242689499>. 2014, 319 p.; Trautman S., *Knowledge Transfer. Preserving Your Secret Sauce*. http://cdn2.hubspot.net/hubfs/1663920/White_Paper_-_Preserving_Your_Secret_Sauce_-_The_Steve_Trautman_Co..pdf?_hs_sc=208992205.3.1507269139272&_hstc=208992205.762e7e00809ff91228f5782dc9b8dd9e.1507269139271.1507269139272.1507269139272.1&_hstsp=2383892897&hsCtaTracking=12129590-847b-482c-b823-227c886cc194%7C2a3806b0-ba1f-4d6a-a98f-47a4f6094a4f, 6.10.2017, 51 p.

¹⁵ Gomółka Z., *Doskonalenie funkcjonowania organizacji*, Difin, Warszawa 2009, 43-44 p.

¹⁶ Tabaszewska E., *Nowoczesne koncepcje zarządzania – wyniki badań*, Wydawnictwo Akademii Ekonomicznej, Wrocław 2007.

¹⁷ Zimmermann A., Ravishankar M.N., *Knowledge transfer in IT offshoring relationships: the roles of social capital, efficacy and outcome expectations.*, *Info Systems Journal* (2014) 24, 167–202, 81-92 p.

¹⁸ Mikula B., Makowiec M., *Strategiczne zarządzanie wiedzą w małych i średnich przedsiębiorstwach*, Zeszyty Naukowe, Uniwersytet Ekonomiczny w Krakowie 2009, nr 801, 47 p.; Świtalski M., *Wiedza i bariery jej transferu w polskich przedsiębiorstwach*, [w:] *Zarządzanie wiedzą i informacją w społeczeństwie sieciowym*, t. 2, red. M. Morawski, Prace Naukowe Wałbrzyskiej Szkoły Zarządzania i Przedsiębiorczości, Wałbrzych 2003, p. 19-48.

¹⁹ Watson I., *Applying Knowledge Management. Techniques for Building Corporate Memories*, Morgan Kaufmann Publishers San Francisco 2003, 256 p.; Sarka H., *Tools of Internal Communication from Knowledge Transfer Perspective*. *Journal of Competitiveness*. Vol. 6, Issue 4, pp. 50-62, December 2014, 41 p.

²⁰ Argota L., Ingram P., *Knowledge Transfer: A Basis for Competitive Advantage in Firms*, *Organizational Behavior and Human Decision Processes*, Vol. 82, No. 1, May, pp. 150–169, 2000, 171-177 p.

²¹ Hamel G., Prahalad C.K., *The Core Competence of the Corporation*, Harvard Business Review, no. 5/6. 1990, 19 p.

²² Szymura-Tyc M., *Zasoby oparte na wiedzy w procesie budowy przewagi konkurencyjnej przedsiębiorstw.*, *Przeгляд organizacji 3/2002, s. 7-11*, Warszawa, 79 p.

²³ McNeish J., Jit Singh Mann I., *Knowledge Sharing and Trust in Organizations.*, *The IUP Journal of Knowledge Management*, Vol. VIII, Nos. 1 & 2, 2010, 308 p.; Sawhney M., Zabin J., *Managing and Measuring Relational Equity in the Network Economy*. Journal of the Academy of Marketing Science. Vol. 30, nr. 4., 2002.

²⁴ Yli-Renko H., Erkkö A., Sapienza H., *Social capital, knowledge acquisition, and knowledge exploitation in young technology-based firms*. *Strategic Management Journal* 22: 587–613, 2001., 156 p.

pharmaceutical, food and insurance sectors participated in the study. The selected (four) cases of large businesses operating on the Polish market will be hereinafter presented.

2.1 Case study of a business from the construction sector

The business is an Austrian distributor of automation, manufacturer of electro-mechanical elements with almost 50 years of experience in the construction sector.

The open knowledge flow in the business is carried out mainly by e-mail. The dispersed organisational structure (branches in various regions of the country) does not facilitate transfer of all the information. Other knowledge flow restrictions have also been identified in the organisation, they include without limitation:

- the lack of procedures concerning information flow / feedback from the customers – in consequence, the sales personnel often receive the information too late;
- inaccurate structure of the messages;
- the lack of video-conferences;
- the lack of standards and erroneous assumptions concerning knowledge transfer;
- insufficient knowledge transfer between the management board and a division (restricted information concerning the management board's expectations towards the divisions and employees).

Particularly, the latter restriction causes a conviction among the employees that there are difficulties with their self-development, thus, contributing to the increase of distance between the managers and the employees. No substantial measures to improve the knowledge flow in the business have been indicated, either. The coaching approach is only used in customer service, while neither coaching nor mentoring is used for improvement of knowledge flow.

To acquire the concealed knowledge from the employees, staff meetings are organised twice or three times a year, then they have an opportunity to share their remarks. Currently such meetings are of low effectiveness. This is the result of low trust of the employees, translated into the lack of commitment during the meetings. The management board in Poland encounters difficulties with building a bond between the employees. The main variable contributing to concealed knowledge transfer is the self-motivation of the employees. The management board is aware that the level of flow and use of knowledge resources in the business impacts building of the relational capital. The latter, in turn, depends on the level of trust and motivation for action among the employees.

E-mail and telephone contact are primarily used for open knowledge flow between the business and external entities. Moreover, meetings, presentations and annual visits to an external entity by the business representative are organised.

To acquire concealed knowledge, direct conversation focused on open questions is used. Furthermore, there is no electronic customer service system (CRM) in the organisation, nor the sales people activity is controlled. Their activity is verified at the end of the financial year, which results in delayed response to the performance results. The business does not monitor the employees' actions on an ongoing basis. The employee is granted a high level of trust, but he also bears high responsibility. If there are any cases of misunderstanding as a result of restrictions concerning knowledge flow between the organisation and the partner (customer) during the order processing, an attempt to settle the same is immediately made. In this way the customers do not usually lose trust towards the knowledge transferred to them.

The knowledge flow in the business does not build competitive advantage. The correct flow of knowledge, however, assures time and money saving and reduces the risk of occurrence of frustrating situations resulting from misunderstanding. Moreover, a precise information flow contributes to solving

issues, constructive discussions and negotiations as well as elaboration of consensus consolidating the relational capital between the parties. The lack of knowledge or its incorrect flow, in turn, impedes building of the relational capital. It is best illustrated by the case of service repair operations where the knowledge transfer is poorer causing poorer relationships.

The relational capital positively impacts the knowledge flow between the parties. However, it has been observed in the organisation that it depends on the size of the city the partner (customers) comes from. In smaller towns with high competition, the relational capital is poorer, information exchange is reluctant, contrary to larger metropolitan areas with larger reach of the organisation, the knowledge transfer is higher and at the same time stronger relational capital.

2.2 Case study of retail network from the pharmaceutical sector

The business represents the pharmaceutical sector. It is among the largest networks of pharmacies in Poland. It puts high stress on the transfer of open and concealed knowledge. For this purpose it uses a number of solutions supporting its flow. The following tools are used for open knowledge flow in the organisation:

- internet platform presenting e.g. reports on the performance of particular pharmacies; information on e-learning courses available to the employees; information on discounts granted by the manufacturer for purchases by a pharmacy;
- e-mail: reports on the performance of particular pharmacies and business news are transmitted to the inbox; the pharmacies communicate with one another by email; they also announce information on any legal changes by email.
- Regional Manager's visits to the pharmacy;
- training courses for pharmacy managers.

In order to acquire concealed knowledge from employees the following tools are used:

- surveys (e.g. surveys concerning perception of the closest competitors);
- surveys ending e-learning courses – after completion of an e-learning course the employee provides his/her assessment of the course, has an opportunity to add commentary and his/her own remarks;
- recently a group on the internet platform has been formed (for employees willing to join) in which the employees may exchange their ideas, e.g. on what can be improved in the business, they have an opportunity to suggest their own solutions.

The following carriers are used for open knowledge flow between the organisation and the entities it co-operates with:

- computer programme thanks to which the pharmacy may check which wholesalers have the drugs its needs available (it is particularly important in case of scarce pharmaceuticals) as well as the prices offered by specific wholesalers, which allows them to make the best purchase;
- e-mail – some commercial offers are sent directly to the e-mail address.

In spite of the numerous tools and solutions improving knowledge transfer, some difficulties in its flow are identified. The most frequent restriction lies in the technical problems that impede the functioning of the internet platform. The delays in publication of information on the internet platform are reported to be the second restriction.

The business takes measures to eliminate the restrictions. For this purpose:

- a list of contacts has been created thanks to which the employees know the contact persons in case any issue occurs;

- some rules and set of procedures have been developed for specific situations, which all the employees had to become familiar with and confirm the same with their own signatures;
- training courses for pharmacy managers are organised.

The knowledge flow is also of key importance in the context of building the relational capital that positively affects the consolidation of the competitive advantage. It is of vast importance in case of a pharmacy. The good relationships with the suppliers, manufacturers and wholesalers enable the pharmacies to obtain supplies at lower prices and provide them with an opportunity to negotiate longer maturity periods. If a pharmacy has good relationships with the wholesalers, it will be easier for it to acquire some scarce goods. If a pharmacy is well supplied and offers low prices, it becomes more attractive.

The relationships that the pharmacy staff members have elaborated with the customers are of crucial importance. Well trained and competent pharmacists with professional approach to the patient cause that people visit their pharmacy willingly. The operations of pharmacies are strictly regulated. At present advertising of pharmacies is prohibited. In the case of this sector building the relational capital will immensely affect the competitive advantage.

2.3 Case study of a business form food sector

The manufacturing business from the food sector with Italian capital was established in the 1940's. It has been operating on the Polish market since 1990's. The product range manufactured in Poland reaches more than 50 countries worldwide.

The open knowledge from the employees is acquired by the business via e-mail, corporate portal, iOS application, knowledge base, training courses – internal and external, as well as informal meetings at a cup of coffee. Internal training courses are also used as a tool to obtain concealed knowledge. Moreover, the formalised knowledge is used for this purpose and procedure, action and process manuals are developed.

The open knowledge flow between the organisation and the entities it co-operates with is carried out through official forms and documents, e-mail messages, meetings with business partners, telephone calls, and through the Facebook fanpage, website, advertising, information booklets, training courses and materials to be used in points of sale. To obtain concealed knowledge from the entities the organisation co-operates with, it carries out surveys and consumer studies and analyses the results looking for "bottlenecks" and analyses of sales of particular product ranges.

The correct knowledge flow in the organisation impacts the competitive advantage. An efficient flow of knowledge enables timely response to the market stimuli. Moreover, it enables internal analyses that in consequence lead to preparation of alternative measure scenarios. The business pays great attention to knowledge flow, because the lack of it impedes fast response to the market situation and even puts the brand reputation at risk. The organisation is aware of the benefits of fast identification of difficulties with knowledge flow. Such difficulties include transfer of excessive information, directing information to people unrelated to an issue, delayed transfer of information to the person performing a task (holding information at a certain stage) and deformation of messages announced.

In order to break the said restrictions in knowledge flow, training courses for the employees are organised on communication, assisting to identify the system deficiencies and representing a common attempt to present suggested changes. The consumers, in turn, or co-operating entities are requested to present as many details as possible concerning their enquiries (it happened that a customer mentioning a product name only wanted to report a complaint, but he/she did not want to provide any exact details, according to which the product could have been identified and

checked with the factory control samples). In addition, coaching is used to induce the knowledge flow in the organisation.

The business emphasises that taking up measures aimed at assuring efficient knowledge flow is in as much important that it affects the competitive advantage and building of the relational capital at the same time. It enables adaptation to the market and implementation of fast responses to the stimuli coming from it. Customers loyalty and relationships with them are immensely significant in the FMCG sector. Well-formed quality and reputation of the product are of crucial importance and thanks to maintenance of the relational capital among the customers it may become even more consolidated (thanks to, without limitation, the regular feedback on the products).

With its high awareness of the relational capital rank, the organisation builds and maintains it on several levels:

- internally;
- organisation – co-operating entity;
- organisation – end-consumer. This relationship is recognised as one of the more important ones, because it builds trust and offers an opportunity to get immediate response to the going on processes. Between the product and brand a network has been built based on continuous mutual sustaining of the relationships.

The relational capital significantly affects the organisation's competitive advantage. Through the direct commitment of the consumer into the relationship with the manufacturer with the use of social portals and organised events, it allows for dynamic adaptation of the quality of generated messages and products to their requirements.

2.4 Case study of an insurance company

The business has more than 100 years of tradition, member of international insurance-financial group. It has been providing insurance and receivable collection services on the Polish market for almost 20 years.

For open knowledge flow inside the organisation e-mail has been mainly used. Sometimes information posters displayed in various parts of its office are used. The business as a rule tries to explain its decisions (even though they are unfavourable to some of the employees), as the same time consulting them and explaining their consequences. Such an attitude positively affects the employees. It is a symptom of positive impact of knowledge flow on building the relational capital in the business. In order to enhance the knowledge flow in the organisation, mentoring is offered to the employees. It is primarily directed to the employees diagnosed as talents, to the group of people included in a faster professional career development path, also to people employed as trainee programme participants.

Taking up measures aimed at improving the knowledge flow is in as much significant that the business builds its image and industry leader position on a fast and efficient information flow. Simultaneously there are certain difficulties concerning knowledge flow. One of them is the lack of full and overall transfer. The knowledge transferred is frequently unnecessarily dispersed and its transfer is distributed in time, which causes guesses and rumours, which in turn, negatively affects the employees. In spite of the measures taken, it is difficult to break through the restrictions.

The open knowledge flow between the organisation and the entities it co-operates with is carried out mainly through official correspondence sent by traditional post and e-mail. In order to acquire concealed knowledge from the entities it co-operates with, the business uses tools especially elaborated for this purpose. The organisation has its own business intelligence unit. Through monitoring the market it collects numerous important pieces of information from various sources. An example is the PMI (Payment Morality Index) test of the business, which

enables us to gather information from the suppliers of a specific entity.

Efficient knowledge flow is significant not only in the context of internal organisation functioning, but also due to the relationships with the external environment. Due to the specific nature of business, fast responding and informing their business partners, it impacts the relationships and image of the business in a very positive way. It is the relational capital that the business builds its leader positions and generates more and more income thanks to it.

3 Summary

In this part of the study an attempt has been made to explain the relationships between the relational capital and knowledge transfer in the enterprise. Both literature search and case study analysis indicate that there is a strong correlation between the relational capital and knowledge transfer, both the open and concealed one. The identification of tools affecting the knowledge transfer in the relational capital also indicated the modern communication channels, such as e-mail, applications facilitating information exchange and communication, or knowledge base platforms for accumulation and transfer of knowledge, both inside the business and between the business and the co-operating partner. Both literature studies and case studies, however, emphasise the importance of personal meetings (conferences, training courses, direct contact with the customer). Even the physical distance bringing about transaction costs does not seem to be an impediment to investing in the relational capital. It is built both locally and globally. The survey respondents show high awareness of importance of relationships to building the competitive advantage on the market, which also was an element of the studies. In this case, like in the case of literature search and interview analysis, the impact of the relational capital on building the business competitive advantage has been observed.

The high cohesion, noticeable homogeneity of responses in the interviews being one of the elements used in structuring the case studies, disregarding the sector of a business, is a signal that the studies need to be continued. At the further stage, it seems right to carry out quantitative surveys of businesses in various industries.

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Primary Paper Section: A

Secondary Paper Section: E