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**Article**

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## **Solid Knowledge Management – The ingredient companies need for performance: A Romanian insight**

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**Abstract:** The paper explores knowledge management (KM) through the accounting and auditing field, emphasizing the authors' research results designed to examine the Romanian firms' perspective on KM. The authors strive to understand how the audit firms manage their knowledge aiming at providing quality services with added value. The important changes in auditing and accounting standards and national regulations and the dynamic of the profession in the Big Data era determine the need of a continuous process of information gathering and storage next to the increase of accountants and auditors' expertise and skills. The investigation revealed an insufficient understanding of KM concept and lack of focus on KM process implementation, this being the consequence of the numerous small and medium accounting and auditing firms, limited investments in IT tools for audit and KM purposes and insufficient training on KM issues. The paper contributes to the KM and auditing literature by demonstrating the need to urgent the implementation of KM systems in Romanian audit firms and providing suggestions in this regard.

**KEY WORDS:** Knowledge management, accounting, auditing, organizational culture, performance

**JEL codes:** M14, M41, M42, D83

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## **1. Introduction**

How do companies compete in the 21st century, given the transformational impact of the Internet? According to (Thornhill, 2016), there are two main strategic directions. The first is to look outwards, benchmark the competition and scout new innovations and opportunities, which will impact a company's industry down the road. Thornhill states that the second strategic direction for a company is to look inwards. He notes that although large, established companies benefit from a large pool of resources, they often lack the ambition, the ability to innovate and the connection with the customer. In this sense, the largest competition comes from within. Vishal Sikka, the CEO of Indian IT group Infosys, notes that "the traditional definition of competition is irrelevant. We are increasingly competing against ourselves" (Thornhill, 2016).

Thus, in our opinion, the very definition of knowledge management is challenged within the company, by what can be termed as "knowledge competition". If the competitive advantage has one of its important roots in knowledge, as a matter of course the question that arises is how we get the knowledge and how we use it? Are we aware of the knowledge we really have and how we manage that knowledge we have? Are there specificities in regard to knowledge and knowledge management in different professional areas? In this respect, the authors' research investigates the accounting and audit professional field striving to understand how the audit firms manage their knowledge aiming at provide quality services with added value. Knowledge, competence and ethics are, in the authors' opinion, key drivers to get visibility and recognition in a competitive professional area as auditing.

We note some factors with negative influence on people's willingness to share. Everybody is familiar with the expert who is hired for his experience and knowledge, "exploited", and then fired from the organization. The opposite is just as damaging for a community of co-workers: the young professional, willing to learn, who leaves at the moment when they feel they have learned enough (and after the company has invested important resources in their training). These scenarios should be countered by the development of a clear career path for the members of an organization; the employees' development program should have visible effects and be backed by training programs and real career advancement opportunities.

Based on the literature review, the authors conclude that KM in accounting and auditing domain is under-researched and in Romanian literature the gap is significant. There is a scarcity of research concerning the knowledge management implementation in Romanian organizations (public institutions and private companies) in general and particularly in accounting and auditing professional

area. In this respect, the subject incited the authors to perform their research aiming at identify the current state in the Romanian accounting field and emphasizing the need to step forward in implementing KM in Romanian organizations in general and particularly in accounting and auditing firms. In this respect, the authors believe that KM implementation in the Romanian accounting and auditing firms will leverage on the professional expertise and improve the professional work, responding in a more adequate manner to the stakeholders' expectation.

The objective of this study is to address the KM implementation in the Romanian companies in general, and particularly in accounting and auditing firms by investigating the professionals' concern and awareness on the topic. Knowledge is one of the most important assets of a company, if not the most important one. Without a coherent, formalized and continuous KM process the companies will hardly achieve a sustainable growth and success. Romanian companies need to fill the gap that keeps them outside the global economic flow. Knowledge and innovation can provide the wave to success and efficiency. Auditing is a liberal profession, opened to all certified professionals, no matter their nationality, as long as their certifications are recognized in Romania. In this respect, the Romanian accounting and audit firms need to create and implement their KM systems aiming to provide quality services, be more visible and prove performance in the professional working field. This is the reason why the authors focus their research on this topic, emphasizing the importance of the KM for the accounting and auditing firms and making them more aware and focus on this issue.

## **2. Literature review**

The knowledge concept is very complex and its perception seems to register a certain dynamic in line with the society evolution. Brahma and Mishra consider that "in the knowledge era, the basic economic resources and means of production have been replaced by knowledge resources" (Brahma & Mishra, 2015). The scholars and knowledge management practitioners agree that knowledge is the most essential asset of the companies, and as a result, there is a constant concern for the knowledge acquisition and use aiming at ensuring competitive and sustainable development of the companies. In this respect, the literature review emphasizes a diversity of definitions and perspectives on knowledge, all of them aiming at retain the main "ingredients" and implicitly determining different approaches in knowledge definition. According to the literature, knowledge is "the combination of data and information, to which is added expert opinion, skills, and experience, to result in a valuable asset, which can be used to aid decision making process" (Irarrázabal, 2011). From another perspective, knowledge "is information put into productive use, made usable and given meaning" (idem). Rowe and Widener remain aligned to Gupta's and Govindarajan definition considering that

knowledge is “either expertise (e.g. skills and capabilities) or external market data of strategic value” (Rowe & Widener, 2011).

Even if the researchers strive to define knowledge in most appropriate way, it seems that they cannot respond clearly to a fundamental question: how can an organization turn its knowledge into competitive advantage, create new value and improve its reputation and brand? Rašula et al. define knowledge management (KM) as “a process that transforms individual knowledge into organizational knowledge” (Rašula *et al.*, 2012) and emphasize that KM is an “important factor for production, next to labor and capital” (idem). In his article Alan Frost (Frost, 2014) makes reference to Shyrme’s definition of KM: “KM is the explicit and systematic management of vital knowledge - and its associated process of creation, organization diffusion, use and exploitation – in pursuit of business objectives”.

Brahma and Mishra consider that “computer-based technology is the enabler of knowledge management” (Brahma & Mishra, 2015). Computer-based technology provides the infrastructure and techniques needed for capturing, formalizing and storing the organizational knowledge in dedicated repositories, together with the means of electronic communication and information dissemination. It is also the enabler for knowledge creation providing the premises for professional developments and new means for methodological and technical approaches improving all professional fields, accounting and auditing inclusively as we will discuss in the next section.

Aiming at ensuring an effective use and management of knowledge, there is a stringent need of a culture encouraging creativity, an environment stimulating the information and knowledge sharing and promoting ethical and motivational principles and values. The organizational culture has a tremendous role in promoting technology and ensuring not only the infrastructure for knowledge storage and dissemination, but also for bringing changes in the employees' behavior, thinking, performance and work flows. A competitive organization is a learning organization. In this respect the organizational culture plays a significant role. It determines the preoccupation and concern for a continuous training process involving all employees (making them aware of the need of the continuous learning) and making the company adaptable to all the environmental changes.

Knowledge is acquired mostly at a departmental level, aiming at sustaining and improving the department’s members’ performance. But at the company level, the knowledge management system is asked to ensure a horizontal knowledge flow, so that the acquired knowledge can become accessible to all authorized users. Another flow, the vertical one, has to link the organization to its parent company, thus promoting the principles, values and good practices to the subsidiaries. At their turn, the subsidiaries are providing their knowledge to the parent company, that

being integrated in the general frame, stored and made accessible to other subsidiaries. In this context, local developments bring their contribution to the group knowledge development and ensure an efficient use of resources at the group level.

Villasalero (2014) explores the effects of knowledge transfer within large companies with different business units. The author defines two dimensions for the transfer: directionality (inwards or outwards from the business unit) and locus (between the business units within the organization, or outside the organization's boundaries). The study concludes that business units profit from outwards transfers within the organization's boundaries, e.g. when knowledge is transferred to another unit within the organization. This happens because knowledge must be better articulated to be transferred, and also because internal transfers include tacit knowledge, which is absent from external transfers.

Surprisingly, Villasalero (2014) finds that business does not profit from inward transfers sourced from other business units within the organization, because of a lack of diversity and speed of access. By looking just at transfers within an organization's boundaries, it appears that the unit, which originates the knowledge transfer, stands to gain the most. When looking at inward knowledge transfers, a business unit benefits most when the knowledge is sourced outside the boundaries of the company, rather than peer units within the company. This is attributed to the abundance and variety of outside information, and the greater speed of access (Villasalero, 2014).

There is an important link between KM and the organizational culture, "due to the fact that organizational culture determines the beliefs, values and norms regarding why and how knowledge" is generated, shared, and used (Rašula *et al.*, 2012). The working climate, the motivation for creativity and performance, the collaborative work reflect the organizational culture impact and are important pillars in KM process.

The researchers are distinguishing between explicit and implicit knowledge. Explicit knowledge is defined as "articulated, codified and communicated information" being easily "captured, transmitted and stored" (Miles, 2013). Kepczyk considers that "most knowledge-management systems in firms focus on explicit knowledge, such as searching stored documents, creating frequently asked questions, accessing topic-specific discussions and adding links to articles and resources organized by specific topics of importance" (Kepczyk, 2010). By contrast with explicit knowledge, tacit knowledge is most difficult to identify and capture, being represented by the individuals' experience, expertise, judgments, feelings and intuition. Rowe and Widener retain in their paper the definition of tacit knowledge provided by Nonaka *et al.* (Nonaka, 2000) as "intuition, unarticulated mental models and embodied technical skills" (Rowe & Widener, 2011). In the

authors' opinion, this is the real challenge, to identify and collect the implicit knowledge and formalize it so that to be stored, shared and used by all employees. It is in the company's best interest to identify, collect this tacit knowledge, formalize it and store it in the company's internal knowledge recipients so it can be shared and used by all employees with access rights to it.

The access rights to the company's knowledge depositories are a very sensitive issue. How can we differentiate between the general knowledge that has to be accessed by all company's employees and which are the access rights for specific, specialized knowledge the company has? This is a question that has to get the answers right, so that the company's knowledge will continue to provide competitive advantages and generate value for the company. As long as the companies have already defined and implemented their information security strategy, those principles and practices have to be extended on the knowledge repository and flows too. Another important issue is to align the knowledge management strategy to the business strategy. The company has to be aware of what it knows, what it has to know and how and when it has to overlap the identified knowledge gaps so that the business objectives can be attained.

## **2. KM in accounting and auditing**

Auditing is considered a knowledge intensive business service (KIBS) as a result of the numerous services provided by the audit firms: audit (financial audit, internal audit), accounting, reporting, consulting, business and commercial law, taxation etc. Abreu *et al.* (2014) consider that accountants are knowledge workers, arguing that they increase their "knowledge through formal education and work experience". This conclusion is applicable, in our opinion, to auditors too. Salleh *et al.* (2012) appreciate that "accountants are recognized as among the primary sources of knowledge and intelligence for most organizations". This opinion reflects the reality that the accountants are the ones who provide – based on their evidences and analysis – accurate and timely information in regard with the state of the company and its financial results, identifying the problems that expose the business and the company as a whole.

Accountants and auditors provide to management the information needed for the decision-making process. The accounting and auditing fields are very complex and demanding in regard to the required knowledge, expertise and skills. The accountants and auditors have to acquire knowledge not only on accounting and auditing fields but also in domains like taxation, valuation, legislation, economics and business environment (aiming at understanding the specificity of different industries their clients are operation in), risk management, banking, information technology, corporate governance etc. This professional field registered in the last

years a considerable dynamic as a result of the IAS and IFRS permanent reviews and developments. Apart from the international standards and good practices guidelines, the accountants and auditors have to deal with local regulatory frameworks registering a permanent updating.

Abron *et al.* (2014) consider that the accountants' "previous experience creates the capacity to learn and then diminishes the range of the unknown and the unavailable possibilities in the next experiences". A rapid look on the Romanian regulation system on accounting and taxation will emphasize the large number of documents issued every year. In this context, managing knowledge becomes a true concern. Apart from the explicit knowledge covering the vast and complex regulatory framework, the expertise and good practices represent an important source of knowledge which firms have to identify and formalize. The Romanian literature review does not reveal the academicians and practitioners' focus on KM in relation with the audit field. The researches focus most on specific issues related to the new regulations or audit particularities in different industries and related practical issues deepening the accounting and auditing knowledge. If the research effort on enlarging and deepening the audit knowledge is constant in Romanian professional and research literature for the accounting and audit knowledge management there is less interest to investigate the companies' strategy and means for collecting, formalizing and storing the formal and informal knowledge owned. This is the reason why the authors conducted their research trying to explore the knowledge management particularities determined by the area investigated and to reveal how knowledge is managed by the audit firms in Romania.

"Audit firms view knowledge as a key intangible asset to maintain competitive advantage" (Vera-Muñoz *et al.*, 2006) and "build reputation on employee's – in depth knowledge and expertise" (Nguyen *et al.*, 2015). Indeed, to compete in this challenging profession, it is necessary to prove solid knowledge, expertise and, not lastly, ethics and a solid reputation. The auditors have to respond to very diverse and demanding expectations from the stakeholders, their professional profile being essential in responding, in an adequate manner, to those expectations.

In the authors' opinion it is hard to explain how knowledge is created in auditing. No doubt, graduate studies and continuous training have an essential role, but the performance in this profession requires professional judgment in addition to thorough and explicit technical knowledge in the field. This professional judgment is essential for the auditor's work, requiring deep understanding of the international standards, professional good practice guides and local regulations in their essence and aims. The expertise is built over years of activity and handling of diverse cases and special contexts. There is also implied a "natural" permanent learning and wisdom acquired, step by step, mission by mission. The performance in auditing consists mainly in the auditors' ability to retain the essence, novelty and particularities of each problem solved and mission performed. Part of this implicit



knowledge, potentially, can be identified, formalized and retained in the company's knowledge repository. The process has to be continuous, because the individual knowledge acquiring process is continuous as a result of the dynamic of the profession and environment in which the audit is performed. To all of these it can be added the auditor's individual effort, tenacity and intelligence. It is essential to mention the importance of the "chemistry" and collaboration between the audit team members, facilitating and stimulating the knowledge creation and sharing.

The audit mission has its own specificity in regard with its content and planning. The documentation phase provides to the audit team members the information and knowledge they need to perform their mission. The information and knowledge needed is provided by the company's knowledge repository and databases: the regulatory framework (laws, regulations), procedures, methodologies, good practice issues, information in regard with the client and the industry in which the client is operating. All this support is provided by the explicit knowledge the firm acquired. The way in which the audit team is build, bringing together experienced auditors next to their younger colleagues ensures the implicit knowledge and on-work training process and knowledge sharing. Though their daily works, auditors develop knowledge as well attitudes and abilities and in time consolidate their reputation and recognition. The simple updating of the client file and the completion of the audit mission file provide a new stream of knowledge that will be used by other auditors. This file can provide, by synthesizing and generalizing, updates in the good practice issues of the company and procedures, thus developing explicit knowledge.

The auditor is sharing this knowledge with his client too. All his recommendations and comments increase the clients' understanding and knowledge, helping them to improve their work and processes, increase their efficiency and value creation.

Knowledge also means the ability to improve one's work and efficiency. In this regard, the use of IT solutions has become a common reality. The competitive advantage is provided by the typology of the IT solutions used and their adequate usage in the professional tasks and processes. The audit field is not an exception. Being an information intensive profession, there is choice among a multitude of the software-based solutions. And here the knowledge brings the difference. Omoteso (2012) states in his excellent study that "the large accounting firms have introduced the use of artificial intelligence in making audit judgments as part of their integrated audit automation systems". Omoteso emphasizes as benefits provided by the expert systems the "increased knowledge and its transferability" (idem). Recent Romanian researches in regard with expert systems use in auditing were performed by Vilsanoiu (2014) designed and experimented expert systems applications for different phases of the financial audit mission and provided arguments for revitalizing the researches' interest in regard with these systems. On the contrary,

Ahmi and Kent (2013) underline that “for some of the audit firms, auditing remains a manual process and they have not yet fully adopted computerized tools”. Why this difference? Of course the financial power but also knowledge is making the difference.

### **3. Insights in KM perception of Romanian accounting professionals – An empirical study**

#### **3.1 Methodology**

In our research, we aim to assess how knowledge management impacts the fields of accounting and audit. We keep in mind the formal side of knowledge management, but also consider the informal dimension of personal expertise. Both influence how we understand and implement accounting standards, define and validate accounting policies. The human dimension plays an important role: how much can we expect our co-workers to share, given the constant time pressure? Will they perceive that giving away too much can endanger their position? People are often motivated to share in order to gain recognition, visibility and improve their promotion chances - but are these reasons enough to keep people motivated?

Thus, we try to gauge how organizations perceive the need for knowledge management, and we included in our sample experienced persons in the accounting and audit field, as well as new professionals joining the workforce. We tried to find out how experienced professionals interact with knowledge management systems, and the degree to which these systems are implemented within different organizations (thus the diversity of our sample population). We also aimed to investigate whether younger professionals are accustomed to the concept of knowledge management and are ready to work in an environment where they share.

In our sample population, two professionals with experience declared that they are not familiar with the knowledge management field, and that their organizations have no formal short or long-term plans to implement knowledge management systems (and we excluded the two persons from our analysis). One of these two persons works in the banking sector; even if the banks have a small market share in Romania, it was surprising for us to find out such a case.

All our interview subjects have accounting studies, and the persons with experience have management positions in their organizations. We collected a total of 47 questionnaires, out of which we discarded two. The questionnaire included 30 items, and we conducted data analysis starting from the following questions:

Q1: Are the respondents interacting meaningfully with the KM department in their organization?

Q2: Is the corporate culture fostering communication and sharing to help problem solving?

Q3: Are the companies encouraging employees' development through designated programs and external training?

In designing the questionnaire, we paid attention to several aspects of knowledge management: formal and informal, knowledge flows between different employee categories and between departments.

### **3.2 Sample characteristics**

In our sample, 71.11% of the respondents are female and 28.89% are male. All the respondents are graduates in economic studies. 66.6% of the respondents worked in the finance, banking and insurance sectors, which is significant for our evaluation of KM within the accounting and audit field. A third of the participants had more than ten years of experience, 48% of the respondents are master students in accounting having between 1 and 3 years of work experience. The companies were 53.4% Romanian-owned, with the rest having foreign capital. A third of the companies had over 500 employees while another third had between 50 and 500, with the rest having between 2 and 50. The top third had average turnover over 1,500,000 EUR in the last three years, with the middle third between 500,000 and 1,500,000 and the last third between 50,000 and 500,000.

### **3.3 Results and discussion**

Several things were apparent from our data. People tend to focus on their own processes and limit their competencies within the borders of their own work, surprisingly showing less preoccupation to extend their knowledge. This is more apparent within the younger professionals.

The vast majority of the respondents stated that there was no formal knowledge management department within their organization (44.5%), and we were also surprised at the high percentage of respondents who stated that they do not know whether have such a department (33%). This means that even if such a department exists, its purpose is not clearly communicated. From personal interactions with the respondents, we have noted that knowledge management could be regarded as something “optional” for the organization - if we hold the perception that accounting and sales are “mandatory”. This points us to further investigation regarding the communication capabilities of the KM department.

In line with the previous item, we find that 88% of the respondents do not have or are not aware about a written KM policy in their organization. This correlates with the total of 77.5% of respondents answering that they are not sure or do not have a KM department.

Somehow contradictory with the lack of awareness about the formal existence of a KM department, the data suggests that the organizations encourage knowledge sharing (44.5%). We assume that this result might be owed more to cultural factors which foster good collaboration, rather than a formal, organized effort on the company's part.

53% of the respondents stated that they are not aware or do not have staff retention program, which we see as a negative factor in respect to KM. Because knowledge dissemination is correlated with experience and sharing, companies must incentivize and retain their valuable employees, but unfortunately our poll results suggest otherwise.

Further, we attempted to determine who, in our respondent's perception, is responsible for knowledge sharing. 49% stated that it is management's responsibility, and only 16% answered that employees are responsible. There is a clear split here, and in our opinion it stems from the general perceived lack of written policies stating responsibilities. Thus we observe that most employees hesitate to assume responsibility for KM, given their lack of familiarity with the concept and the lack of ownership.

Most of the respondents (58%) agreed that knowledge from research universities and institutes is used, and 62% stated that lessons are drawn from past experiences so that mistakes are not repeated. These answers point to the "informal" side of knowledge management, but somehow oriented towards the past; it appears that previous mistakes are strong deterrents. We think that knowledge management should be primarily future-oriented, emphasizing positive, proactive sharing among collaborators.

Another knowledge management item showing high awareness was the usage of competitive data among the industry, for benchmarking purposes. 62% of the respondents agreed to the usage of competitive data, and only 13% disagreed (25% did not know). This again points to the usage of data for knowledge management practiced in a reactive, outside-looking manner, rather than an inward-looking process, capturing knowledge inside the organization.

Our respondents confirmed the existence of information flows which fosters information exchange and solution finding (77.8%), and senior employees were acknowledged for their important role in sharing their experience with younger collaborators. The majority of our respondents agree that there is proper communication, facilitating the learning process. We are looking to expand our

research in order to find out whether these processes remain informal or are supported by formal processes based on data (such as corporate data warehouses). It is apparent that knowledge sharing must take place between the different departments of an entity, so that more co-workers can benefit.

Furthermore, 53% of our respondents indicated that they do not receive training outside their company, and 65% stated that their companies are not concerned with offering employees training on a continuous basis. These are disappointing findings. Training represents a strong motivator and its absence has negative influence on a person's ability to advance their career. We think that the lack of training also has a negative impact on the sharing culture within an organization.

Within our questions, we received the frequent "N/A" answers; we think these are due to the unfamiliarity with knowledge management concepts and the added difficulty of identifying the relevant people, departments and responsibilities within organizations.

### **3.4 Responses to the research initial questions**

Q1 determined the authors to explore if the employees have a meaningful interaction with the KM department within their organization. The relevant items were evaluated on a Likert scale, with the following options: 1 - strongly disagree, 2 - disagree, 3 - NA, 4 - agree, 5 - strongly agree. Using IBM SPSS Statistics V20 we run a t-test with a hypothesized average of 3, corresponding to the respondents agreeing with the existence of a KM department within their organization. The mean of the sample was 2.58 with a standard deviation of 1.29 (table. 1), and we conclude that the result is statistically significant (Sig. 2-tailed=03).

**Table 1. Existence of a KM department (Q1)**

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
Company has KM dept.	45	2.5778	1.28786	0.19198		

  

One-Sample Test						
Test Value = 3						
			Mean Difference	95% Confidence Interval of Difference		
	t	df	Sig. (2-Tailed)	Lower	Upper	
Company has KM dept.	-2.199	44	0.33	-0.42222	-0.8091	-0.0353

To answer Q1 we conclude that overall there is no meaningful engagement with a KM department, since the majority of the respondents does not even acknowledge the existence of such a department.

In responding to Q2 we evaluated item 17 (“is there a free information flow in the organization?”), 18 (“the exchange of information between employees is encouraged in order to solve problems”) and 19 (“senior employees are encouraged to share knowledge with juniors.”). For all of these questions we tested for a positive response (mean value of at least 3) and the results were all statistically significant (table 2).

**Table 2. Corporate communication culture (Q2)**

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error		
				Mean		
Q 17	45	3.7778	0.82266	0.12263		
Q 18	45	4.0000	0.82572	0.12309		
Q 19	45	4.0222	0.91674	0.13666		

  

One-Sample Test						
Test Value = 3						
	t	df	Sig. (2-Tailed)	Mean Difference	95% Confidence Interval of Difference	
					Lower	Upper
Q 17	6.342	44	0.000	0.77778	.5306	1.0249
Q 18	8.124	44	0.000	1.00000	.7519	1.2481
Q 19	7.480	44	0.000	1.02222	.7468	1.2946

We conclude that among the sampled companies, the corporate culture fosters communication and sharing to help problem solving.

In responding to the third question, we evaluated items 25 (“does a continuous concern for training of employees exist”) and 26 (“are employees sent to training programs outside the organization”). The averages were strongly centered on the value of 3, and so we cannot accept or reject the question (table 3). However, we expected to confirm this question, in a sense that companies should have well perceived training programs.

**Table 3. Training program awareness (Q3)**

One-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
Q 25	45	3.3556	1.33409	0.19887		
Q 26	45	3.0000	1.38170	0.20597		

  

One-Sample Test						
Test Value = 3						
			Mean Difference	95% Confidence Interval of Difference		
	t	df	Sig. (2- Tailed)		Lower	Upper
Q 25	1.788	44	.081	0.35556	-.0452	.7564
Q 26	.000	44	1.000	0.00000	-.4151	.4151

We conclude that formal systems are mostly used by organizations. In smaller organization, knowledge is communicated in an informal way, relying on corporate culture. This exposes the gap, which the smaller organizations must cover in a relatively short period, migrating from classic data files (which are slow to use and search) to more sophisticated data repositories.

Very few respondents used specialized software packages for managing audit missions. Mostly, auditors rely on spreadsheet files, which bring along a host of problems: data duplication, conflicting versions on separate computers and the efforts to merge data across different documents. We posit that the transition must be made quickly if these smaller firms are to expand and compete against bigger players.

## 4. Conclusions

Educational institutions play a key role in knowledge creation and in the young future professionals' awareness on continuous learning and knowledge acquiring and sharing. Any organization has to be aware that achieving sustainable development and ensuring competitive advantage is possible mainly by intelligent and efficient use of its knowledge assets, capitalizing on a continuous basis their knowledge and being able to learn fast so that to be able to adapt to the

environment. Non-distributed knowledge has low value for the organization (Yaghoubi *et al.*, 2011).

Based on our research results, we conclude that our respondents have not a clear understanding of the concept of knowledge management, and thus cannot realize its benefits. There are also inhibiting factors connected to a lack of motivation to share one's knowledge. The competition among co-workers is also a negative factor. Also, knowledge management involves IT systems which many are (still) hesitant to use. As in the accounting and auditing professional area are operating a numerous small firms, the financial resources for audit and KM systems are scarce. That explains, in correlation with the insufficient training on KM, the modest steps in audit dedicated software packages and KM systems use.

Today's competitive environment is defined by concepts such as Big Data, Internet of Things, and a growing number of network-connected sensors; and we were surprised at the seeming lack of focus for knowledge management. Although the current trend is to share more, knowledge management is not adequately promoted and practiced. We have to understand that this knowledge - and those who own it - ultimately translates into competitive advantage. But this knowledge must be adequately rewarded - and shared in a formal way, beyond the moral obligation to do so. An important role is played by the organizational culture and climate, which should foster sharing - but there should be in place systems which facilitate sharing in a formal way.

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