

## Chapter 60

# Tacit Knowledge Utilization for Global Impact and Organizational Practices: Case of Aquaculture Industry

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### **ABSTRACT**

*The aquaculture sector stands at a crossroad because of the important changes in the business environment. Demand and competition for food is growing worldwide, fishery sector reached its limits and in this regard farmed fish sector represents a viable solution for food supply. A sustainable development of small business is recommended in order to develop knowledge and skills to support the growth of world population. In this view knowledge management for innovation is crucial to promote sustainable business models (BM) that can achieve a solid economic performance and at the same time take care of the natural environment. The purpose of this chapter is to contribute to the literature about sustainable BMs by an in-depth case study of a small fish farming company which developed competitiveness based on own tacit knowledge. The exemplary case study of a sustainable BM in aquaculture has been analyzed by use of an enhanced BM canvas that links various market oriented elements of a BM with the needs of society.*

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## INTRODUCTION

Global demand for fresh food cannot be satisfied through wild catch, so the offer from aquaculture has outgrown the niche strategies from its beginnings and transformed itself into a real worldwide industry. Some negative environmental consequences, exploitation of subsidies and in certain cases also deliberate malpractice damaged the image of the industry. Possible answers to these exposed issues represent sustainable innovations that have been developed all around the world, mostly by SMEs. In this way companies can count on a long-term lasting success and consumers on a positive impact of their food consumption on environmental, social, and economic outcomes. There still exist uncertainties on behalf of seafood nutrients' health benefits, but scientific evidence (Schlag & Ystgaard, 2013; STECF, 2016) reassures that the consumption of seafood is beneficial for a healthy human diet; i.e. Omega-3 protects humans against cardiovascular problems and help to improve neurological development (Kris-Etherton & Innis, 2007; Lee et al., 2009). These views are important because of the necessity to obtain the health benefits, but it has to be balanced by selecting the seafood low in contaminants (Mahaffey, 2004; Gochfeld & Burger, 2005; Smith & Sahyoun, 2005; Levenson & Axelrad, 2006). However, Non-Governmental Organization's warn consumers to avoid certain fish because concerned that endangered species might be depleted or habitat destructed due to farming methods, site of origin, or type of harvesting; so the decision about how much, and what type of fish a consumer eats is influenced by cost and fish availability, as well as by taste, cultural tradition, recreational habits, and access to alternative foods (Oken et al., 2012).

The environmental concerns across the globe regarding the food industry have set the urgency for companies to adjust their production process as well as their business models (BM) in line with the demands for corporate responsibility and sustainable development. Stubbs & Cocklin (2008) emphasize that a possible path to develop a sustainable company would be to transform the neoclassical organizational model instead of supplementing it by considering environmental and social priorities (i.e. social equity environmental stewardship, and respect for persons and nature). Companies that build their business practices with sustainability ingrained into their BMs will have greater chances of success than companies that will only adapt their business practices to the demand for sustainable business. Sustainable BMs go hand in hand with sustainable consumption that has become a core objective and one of the biggest factors of change for individual consumers looking to do their part in saving the planet. However, not everything is as idyllic as it might seem at the first glance. Chouinard, Ellison and Ridgeway (2011) suggest that the problem is that it is generally cheaper for consumers to buy the product that has a worse impact on the environment than the equivalent product that does less harm, especially with the recession. Development of sustainable BMs is than very much related to tacit knowledge available in the first person by owner-manager or within the company about the market and especially customers. Even the most sustainable conscious company will not be successful if it lacks necessary market knowledge or is not able to transfer it into the design of its BM. The company Fonda.si represents a business case for sustainability according to the three requirements defined by Schaltegger, Lüdeke-Freund and Hansen (2012). Firstly, Fonda.si voluntarily pursues activities with the intention to contribute to the solution of societal or environmental problems. Secondly, creates a positive business effect according to all financial and economic indicators. Thirdly, creates economic success through its environmentally and socially oriented activities. Analysing this case can help companies to better understand what the sustainable drivers are and how they need to approach sustainable BM development.

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