Knowledge Management is Key to Organizational Success

* Prof. Col. (Retd.) Mahander Singh

** Dr. G. B. Sitaram

Effulgence

Vol. 10 No. 2

July - December, 2012

Rukmini Devi Institute of Advanced Studies

E-mail : effulgence@rdias.ac.in, Website : www.rdias.ac.in

<http://effulgence.rdias.ac.in/user/default.aspx>

<https://dx.doi.org/10.33601/effulgence.rdias/v10/i2/2012/61-66>

Abstract

Knowledge management is playing a significant role for overall development of organization. Knowledge management is a systematic attempt to generate, collate, disseminate, and apply critical and relevant knowledge in the organization. Both intellectual capital and the management of knowledge are strongly emerging themes in today's organizational world. Contemporary era is era of knowledge. Knowledge management can be defined as "The Systematic management of the vital knowledge & it involves the process of creation, organization, transmission and exploitation of knowledge." It is well known that knowledge is the pivotal factor for the excellence of any person or organization. Many authors and practitioners note that the emerging patterns are that intellectual capital will replace natural resources, commodities, finance, technology and production processes as the key factor influencing competitive advantage. However, knowledge management is still in its infancy. This paper aims to identify the critical success factors and best practices of knowledge management through analyzing the experiences of several organizations. The paper starts by defining what is meant by 'knowledge' and 'knowledge management', and follows on by over viewing the methodology used for identifying best practices for organizational success.

Keywords: Intellectual, Capital, Knowledge, Technology, Transmission, Production, Knowledge Workers, Information Resources Management, Motivation.

INTRODUCTION

Knowledge is recognized as a critical strategic resource for the organizations. In the last decade of the 21st century newly discovered field of academic interest emerged: knowledge management. It was first described as process by which an organization handles its intellectual assets and as able to utilize them for the purpose of learning and improved performance. Knowledge management is the set of proactive activities to support an organization in creating, assimilating, disseminating, and applying its knowledge. Knowledge management is a continuous process to understand the organization's knowledge needs, the location of the knowledge, and how to improve the knowledge. This area of intellectual exploration and business interest seems to have erupted on the both the academic and business landscape. With a peculiar velocity, the conception and methods of knowledge management involved the discourse in the type and use of organizational assets for the new century. According to Davenport and Prusak (1998) define knowledge as "a fluid mix of framed experience, values, contextual information, and expert

insight that provides a framework for evaluating and incorporating new experiences and information. knowledge management (KM) as "a systemic and organizationally specified process for acquiring, organizing, and communicating both tacit and explicit knowledge of employees so that other employees may make use of it to be more effective and productive in their work". O'Dell et al., (1998) define KM as "a conscious strategy of getting the right knowledge to the right people at the right time and helping people share and put information into action in ways that strive to improve organizational performance." Knowledge adopted here is "information combined with experience, context, interpretation, and reflection. It is a high-value form of information that is ready to apply to decisions and actions." Business knowledge generally is of two types; Codified knowledge and tacit knowledge. It can be demonstrated but rarely codified, and resides with its holder. It gets transferred through demonstration and on-the-job training. Within this context, knowledge management means the "strategies and processes of identifying, capturing, and leveraging knowledge to help the firm compete." In general, knowledge management is the

* Director General, Rukmini Devi Institute of Advanced Studies

** Associate Professor, Rukmini Devi Institute of Advanced Studies

process of continually managing knowledge of all kinds to meet existing and emerging needs, to identify and exploit existing and acquired knowledge assets and to develop new opportunities. It is a systematic process of underpinning, observation, instrumentation, and optimization of the firm's knowledge economies. Its overall purpose is to maximize the enterprise's knowledge related effectiveness and returns from its knowledge assets and to renew them. I have clearly illustrated why knowledge management is a challenging job, because prior to starting, it must be analyzed that information within an organization can be considered as its valuable asset and need to be managed. Knowledge management rallies around building the organizations ability to acquire organize and diffuse the knowledge throughout the organization with the objective of improving its effectiveness, efficiency and competitiveness.

OBJECTIVES OF KNOWLEDGE MANAGEMENT

- To create knowledge repository
- To improve knowledge assets
- To enhance the knowledge environment
- To manage knowledge as an asset.
- To embrace effective knowledge creation processes.

NEED OF KNOWLEDGE MANAGEMENT

The basic need of knowledge Management is given below:

1 - To achieve the organizational objectives

- To serve customers well.
- To remain in business.
- To increase the productivity and revenue.
- To innovate and deliver high quality products at minimum cost
- To shorten product development time
- To empower
- To enhance employee retention rates
- To complete in the market
- To face the challenges of globalization.

2 - To solve the organizational problems

- Higher labour turnover.
- The amount of time available to experience and acquire knowledge is less.
- Early retirements and increasing mobility of the work force lead to loss of knowledge
- Changes in strategic direction may result in the loss of knowledge in a specific area.

BENEFITS OF EFFECTIVE KNOWLEDGE MANAGEMENT

Benefits of implementing effective Knowledge Management

include:

- Fully and accurately informed employees, clients, and stakeholders
- Improved team effectiveness and delivery of outcomes
- An organizational culture devoted to continuous improvement
- An organization that is resilient and adaptable in the face of change
- About the knowledge architecture (knowledge mapping how the knowledge is organized).
- About the systems and technology (what implementation structures and technologies are used to manage the knowledge), and
- About the people (how to create a culture of knowledge sharing and motivating people to contribute, disseminate and apply knowledge)

Knowledge management can provide competitive advantage to organizations through:

- Helping them implement a new strategy that was not possible otherwise;
- Helping them implement their regular/existing strategies more efficiently and effectively;
- Embedding knowledge in their products, services, or information offerings; or
- Enhancing the efficiency of their non-strategy process.

The organization may gain advantage by focusing on one or more of these, depending on their intent and context. This linkage of knowledge management to strategy formulation will help firms leverage knowledge as a fundamental basis of competitive. The organizations that make a strategic use of knowledge management may be termed as knowledge organizations.

ORGANIZATIONAL CONDITIONS FOR KNOWLEDGE MANAGEMENT

- Trust
- Confidence
- Credibility
- Professionals

Now a days, the market place is very very competitive and the rate of innovations is increasing, so the knowledge must evolve and should be disseminated at ever-faster rate. Knowledge Management (KM) is a discipline that improves the ability of organizations to solve problems better, adapt, evolve to meet changing business requirements, and survive disruptive changes such as staff turnover. Knowledge Management recognizes that organizations are a complex system made up of both the people that work for the

organization, and the processes, procedures and information systems that drive our actions.

The revolution in communications over the past 50 years (email, internet, telephone and fax) now allows people to talk directly to each other without the use of intermediaries such as managers or team leaders. This allows organizations to be more efficient by bringing together needed expertise and knowledge on demand. However, with this new approach, knowledge gained and lessons learned are not always shared across the organization. In other words, some people may know the solution to a particular problem, but the organization as a whole may not be aware. This can lead to loss of critical knowledge when staff leaves, and for inefficient practices to remain despite better solutions being available. Modern organizations need to build a new culture that promotes knowledge sharing and constant learning while preserving and recording appropriate information. This is essential in order for corporate knowledge to be effectively retained and enhanced.

CLASIFICATION OF KNOWLEDGE

Knowledge can be classified in to two categories as follows:

- Tacit knowledge
- Explicit knowledge

Tacit knowledge

Tacit “know-how” typically unwritten. Tacit knowledge, in contrast, is deeply rooted in individual's actions, experiences, ideals, values and is far more difficult to write down or formalize. It implies experiences and expertise gained over time. Tacit knowledge is automatic, requires little or no time or thought and helps determine how organizations make decisions and influence the collective behavior of their members (Liebowitz and Beckman, 1998). The philosopher Polanyi (1967) described tacit knowledge as knowing more than we can tell, or knowing how to do something without thinking about it, like ride a bicycle. This highly personal, subjective form of knowledge is usually informal and can be inferred from the statements of others (Sternberg, 1997). Tacit knowledge tends to be local. It is not found in manuals, books, databases or files. Tacit knowledge is technical or cognitive and is made up of mental models, values, beliefs, perceptions, insights and assumptions. Technical tacit knowledge is demonstrated when people master a specific body of knowledge or use skills like those gradually developed by master craftsmen. The value of tacit knowledge, like customer good will, is often underrated and underutilized in the workplace.

Explicit knowledge

Explicit knowledge is knowledge that can be formalized, documented, archived, codified, and can easily be communicated or transferred between individuals. This includes theoretical approaches, manuals, databases, plans, business documents, guidelines, process models etc. It is technical and requires a level of academic knowledge or understanding that is gained through formal education, or structured study. Explicit knowledge is carefully codified, stored in a hierarchy of databases and is accessed with high quality, reliable, fast information retrieval systems. Once codified, explicit knowledge assets can be reused to solve many similar types of problems or connect people with valuable, reusable knowledge. Acts of gathering and using explicit knowledge assume a predictable, relatively stable environment.

PATTERNS FOR CREATING KNOWLEDGE IN ORGANIZATIONS

There are four basic patterns for creating knowledge in organizations:

- (1) From tacit to tacit - Learn by observing, imitating and practicing, or become "socialized" into a specific way of doing things, like learn from mentors and peers. Knowledge is not explicit in this stage.
- (2) From explicit to explicit - Combines separate pieces of explicit knowledge into a new whole, like using numerous data sources to write a financial report.
- (3) From tacit to explicit - Record discussions, descriptions and innovations in a manual and then use the content to create a new product. Converting tacit knowledge into explicit knowledge means finding a way to express the inexpressible (Stewart, 1997). To illustrate, moving from tacit to explicit involves stating one's vision of the world - what it is and what it ought to be.
- (4) From explicit to tacit - Reframe or interpret explicit knowledge using a person's frame of reference so that knowledge can be understood and then internalized or accepted by others. A person's unique tacit knowledge can be applied in creative ways to broaden, extend or reframe a specific idea. Tacit knowledge does not become part of a person's knowledge base until it is articulated and internalized.

PERSPECTIVES OF KNOWLEDGE MANAGEMENT

- Business Perspective-It implies on why, where, and to

what extent the organization must invest in or exploit knowledge. Strategies, products and services, alliances, acquisitions should be considered from knowledge-related points of view.

- Management Perspective-focusing on determining, organising, directing, facilitating and monitoring knowledge-related practices and activities required to achieve the desired business strategies and objectives.
- Hand-On Operational perspectives-It is applying the expertise to conduct explicit knowledge-related work and tasks.
- The process perspective of knowledge management is concerned with the specific steps involved in generating, formalizing, distributing, sharing and applying organizational knowledge.
- Technological perspective focuses on the use of information technology for implementing a knowledge management programme in the organization.
- The organizational perspective is concerned with internal organization that is created for spearheading, evangelizing, and implementing knowledge management.

KNOWLEDGE MANAGEMENT IN EDUCATIONAL INSTITUTIONS

- To increase student retention and graduation rates.
- To retain a technology workforce in the face of severe employee shortages
- To expand new web based offerings
- To analyze the cost effective use of technology to meet more enrollment
- To complete in an environment where institutions cross and national borders to meet student needs anytime/anywhere.

COLLABORATIVE TECHNOLOGIES

- New Knowledge Management technologies are continuously being developed to foster collaboration within workgroups across distance and time.
- Existing technologies are available that enable remote technology users to participate in real-time online forum, including on-screen updates to information and simultaneous access to files.
- The provision of higher-bandwidth networks is permitting video-conferencing facilities to become more widespread, enabling more effective knowledge communication and collaborative efforts to take place.

LEVELS OF KNOWLEDGE MANAGEMENT

- First generation knowledge management programs focus on the minimum knowledge required to play the game efficiently.
- Second generation knowledge management programs focus on identifying knowledge that is required to differentiate the organization from its competitors, and generate competitive advantage-knowledge that is required to win the game effectively;
- Third generation knowledge management programs on the other hand emphasizing innovation beyond organizational boundaries and changes the rules of the game.

Figure 1: Three Generations of Knowledge management

APPROACHES TO KNOWLEDGE MANAGEMENT

Karl-Erik Sveiby has clearly defined two tracks of knowledge management: **Management of Information-** Knowledge comprises of objects that can be defined and handle in information systems. **Management of People** i.e. knowledge consists of process, a complex set of dynamic skills, know how etc. that is constantly changing.

Mechanistic approaches to knowledge management

It implies the application of technology and resources to achieve better results with efficiency with the help of Better accessibility to information and Networking technology in general (especially intranets), and groupware in particular. This approach is easy to implement as the technologies and techniques used are familiar to the corporate world and are comparatively easy to understand. However, this knowledge management approaches necessitates the use of leveraging cumulative experience, without which the net result may not be positive.

Cultural/behavioristic approaches to knowledge management

Cultural/behavioristic approaches, consider the knowledge problem as a management issue. These approaches tend to focus more on innovation and creativity than on technology and leveraging existing explicit resources or making working knowledge explicit. It stresses on change in organization behavior and culture and emphasize on the process that matter, not the technology as nothing happens or changes unless a manager makes it happen. It may not be sustainable, but positive results achieved by cultural/behavior strategies may not be measurable as it is difficult to separate the benefits of cultural strategy from business benefits.

Systematic approaches to knowledge management

Systematic approaches to knowledge management retain the traditional faith in rational analysis of the knowledge problems: the problem can be solved, but new thinking of many kinds is required. These approaches show the most promise for positive cumulative impact, measurability, and sustainability.

HURDLES IN THE IMPLEMENTATION OF KNOWLEDGE MANAGEMENT

- The knowledge management initiative lacks mass appeal-the initiative doesn't have enough enthusiastic supporters or institutional support to reach critical mass.
- The initiative simply lacks depth-Organizations do not opt it as routine and continuous activity.
- The knowledge isn't Qualified-the knowledge captured by the initiative is not validated, resulting in each individual employee having to expend energy in searching and filtering to identify the actual knowledge from the professed knowledge.
- Knowledge codification is ignored-the KM teams don't put enough effort in codifying the documents and organizing the learning in a single repository and extract knowledge.
- Competing system undermine the effort-the KM initiative competes with too other internal and external which dominates knowledge management.
- Getting Employees on Board-In an environment where an individual's knowledge is valued and rewarded, it is not feasible to establish a culture that recognizes tacit knowledge and encourages employees to share it.
- Lack of time-Organizations with so many objectives and initiatives, usually sideline more challenging issue

like knowledge management.

- Introversion-Due to introverted behaviour of organizations, they are afraid to learn from outsiders or expose internal operations to customers.
- Long term process-Organizations consider it as one-off project, whereas knowledge management is a commitment to the long term and is futuristic approach.
- Lack of incentives-Organizational recognition and reward system usually do not sufficiently recognize knowledge contributions.

CONCLUSION

Knowledge management is becoming immensely important in today's fast-paced, disruptive business environment. It has been evidently proved that teams share knowledge, both intra-group and externally have shown better results. Organizations are struggling for implementation of knowledge management effectively. It is believed that in this evolving knowledge environment, both individuals and organisations will have one source of competitive advantage: intellectual capital. This represents an individual's (or organisation's) accumulated knowledge and know-how, coupled with the ability to decant this into a system to create value. The paper has presented a study that analysed the experiences of organizations that had successes with their KM initiatives. Stress should be laid upon identifying organizations, KM priorities, carefully focusing communities of practice on these priorities and upgrading intranet to develop a relevant, meaningful and beneficial knowledge management initiative. The analysis resulted in a high level framework for KM implementation, and a culmination of best practices.

REFERENCES

1. Albert, S.; and Bradley K. (1997), *Managing Knowledge Experts, agencies, and organizations*, Cambridge: Cambridge University Press.
2. Allee, V. (1997), "12 principles of knowledge management", *Training & Development*, November, pp. 71-74.
3. Bontis, N. (1996), "There's a price on your head: Managing Intellectual Capital Strategically", *Business Quarterly*, Summer, pp: 41-47.
4. Caulkin, S. (1997), "The knowledge within", *Management Today*, August, pp. 28.
5. Chase, R. (1997), "The knowledge-based Organization: An International Survey", *Journal of Knowledge Management*, Vol.1, No.1, pp. 38-49.
6. Cohen, W. M. and Levinthal, D. A. (1990), "Absorptive

- Capacity: A New Perspective on Learning and Innovation”, *Administrative Science Quarterly*, Vol. 35, No. 1, pp. 128-152.
7. Dale Neef, (1999), “Making the Case for Knowledge Management: The Bigger Picture”, *Management Decision*, Vol. 37, No. 1, pp.72-78.
 8. Davenport, T., De Long, D., and Beers, M. (1998), “Successful Knowledge Management Projects”, *Sloan Management Review*, Winter, pp: 43-57.
 9. Hibbard, J. and Carrillo, K.M. (1998), “Knowledge revolution”, *Information Week*, Issue 663, January 5, 1998, p49-54.
 10. Kumarsan, S.C. (2004), “Knowledge Management and Organizational growth”, *University News*, Vol.42, No.24 June 14.
 11. Lane, P. J. and Koka, B. R. (2006), “The Reification of Absorptive Capacity: A Critical Review and Rejuvenation of the Construct,” *Academy of Management Review*, Vol. 31, No. 4, pp. 833-863.
 12. Lane, P. J. , Slak, J. E. and Lyles, M. A. (2001), “Absorptive Capacity, Learning, and Performance in International Joint Ventures”, *Strategic Management Journal*, Vol. 22, No. 12, pp. 1139-1161.
 13. Martinez, M. (1998), “The collective power”, *HRM Magazine*, February, pp. 88-94.
 14. Numri, R. (1998), “Knowledge Intensive Firms”, *Business Horizons*, Vol.41, No.3. pp. 26-31.
 15. Roos, J. and Von Krogh, G. (1996), “Five Claims on Knowing”, *European Management Journal*, Vol. 14, No. 4, pp: 423-425.
 16. Zahra, S. A. and George, G. (2002), “Absorptive Capacity: A Review, Reconceptualization, and Extension,” *Academy of Management Review*, Vol. 27, No. 2, pp. 185-203.