Knowledge Management: A Tool For An Efficient Organization

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Abstract

The paper takes an in-depth look at knowledge management, a comparatively new business concept that is attracting the consideration of informed and global-oriented companies because of its promise to introduce new rudiments of flexibility and efficiency in the entire business spectrum - from management, plant and production to front line activities. This paper explains how knowledge management benefits businesses and the business community. It discusses how the need for active knowledge management in numerous companies is understood and acknowledged. The paper studies that how often, in practice, this understanding is misconstrued to a false belief that sophisticated and expensive information technology (IT) suffices for good knowledge management. It looks at the requirements of knowledge management and the role played by business intelligence in knowledge management. Further, the differences between organizations' actual and perceived success in knowledge management are discussed. The paper further examines how success, deemed as a firm's ability to generate sustainable growth and profits, is determined not only by knowledge management but intricately linked to the humans who seek straight forward business solutions and constructively counter challenges.

Key Words: Knowledge management, Productivity, Information technology, Profitability, Organization

1.   Knowledge Management (Km): An Introduction: KM is the process through which organizations produce value from their cerebral and knowledge-based assets. Most often, generating value from such resources involves codifying what employees, partners and customers know, and sharing that information among employees, departments and even with other companies in an effort to devise best practices. KM is often facilitated by IT, technology by itself is not KM. Knowledge management (KM) refers to the process in which organizations evaluate the data and information that exist within them, and is a reaction to the concern that people must be able to translate their learning into usable knowledge. During the KM process the knowledge goes through different changes, and there are knowledge losses, both desirable and undesirable, where undesirable losses should be minimized as much as possible. Knowledge management comprises a range of strategies and practices used in an organization to identify, create, represent, distribute, and enable adoption of insights and experiences. Such insights and experiences comprise knowledge, either embodied in individuals or embedded in organizational processes or practice.

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The aim of KM is to create value for the organization. It includes activities such as creating, organizing, sharing and using know-ledge. Most people in the organization that per-form KM activities need to carry out KM activities in their normal day-to-day activities In the view of knowledge storage, dissemination and sharing, IT is a prerequisite for effective KM and KM therefore involves a combination of technical and human elements .The actual KM is carried out by people .That techno-logy is used effectively to communicate is one pre-requisite of a learning organization. Certain kinds of technology can be considered as better drivers or facilitators for achieving the status of learning organization. Semantic Web technology is a potential catalyst for learning organizations. The organizational culture constrains the efficient use of IT tools designed to facilitate knowledge creation, capture, storage and distribution. The most critical factors for successful KM are strategy and organizational culture, closely followed by IT support. Many large companies and non-profit organizations have resources dedicated to internal KM efforts, often as a part of their 'business strategy', 'information technology', or 'human resource management' departments. Several consulting companies also exist that provide strategy and advice regarding KM to these organizations.

2.   Knowledge Management Scope: Knowledge management is emerging as a large academic discipline world over. Its scope extends to finance and economics, agriculture and industry, space, media and literature. The Knowledge Management (KM) Division focuses on the characteristics and processes through which organizations facilitate the creation, sharing and use of knowledge.

3.   The Approach to Knowledge Management: How do leaders approach the creation of knowledge based environment in an organization? The basic competencies required can be enlisted as: -

Socialise: Simply put, it is an effort to bring people together, encourage collaborative behavior, peer assistance and knowledge sharing.

Energise: This refers to putting in zeal to explore new ideas, best practices and inspiring people to experiment.

Combine: This refers to the "BIG PICTURE" or the "VISION" part, that is taking a holistic view of all the collaborative processes.

Integrate: This is related to the combining role above and integrates all the messages in the form of values, performance management policies, etc

4.   The Nature of Km As A Type Of Activity Or A Set Of Processes: Here is a a three-tier framework of business processes and outcomes distinguishing operational business processes, knowledge processes, and processes for managing knowledge processes. Operational processes are those that use knowledge but, apart from routinely produced knowledge about specific events and conditions, don't produce or integrate it. Examples of outcomes are Sales Revenue, Market Share, Customer Retention and Environmental Compliance. Below is the pictorial representation of the three-tier framework:
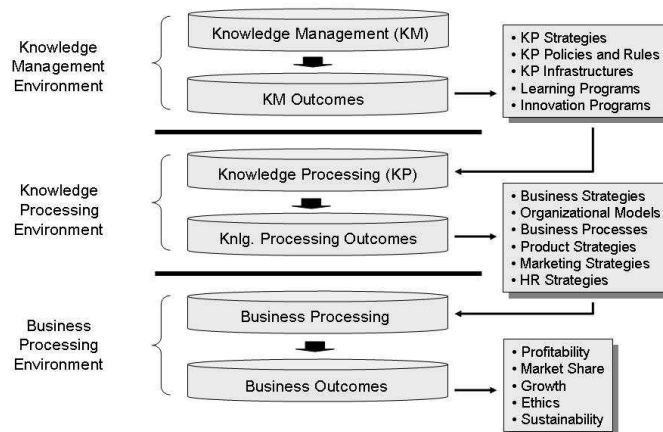
There are two *knowledge processes*: **knowledge production**, the process an organization executes that produces new general knowledge and other knowledge whose creation is non-routine; and **knowledge integration**, the process that presents this new knowledge to individuals and groups comprising the organization. Examples of outcomes are new organizational strategies communicated throughout an enterprise using e-mail, and new health insurance policies communicated through a new release of the organization's personnel manual.

Knowledge Management is the set of processes that seeks to change the organization's present pattern of knowledge processing to enhance both it and its outcomes. A discrete Knowledge Management activity is one that has the same goal as above or that is meant to contribute to that set of processes. The discipline of KM is the study of such processes and their impact on knowledge and operational processing and outcomes. The foregoing implies that KM doesn't directly manage, create or integrate most knowledge outcomes in organizations, but only impacts knowledge processes (performed by operational process

agents), which, in turn, impact knowledge outcomes. For example, if a Knowledge Manager changes the rules affecting knowledge production, then the quality of knowledge claims may improve. Or if a KM intervention supplies a new search technology, based on semantic analysis of knowledge bases, then that may result in improvement in the quality of business forecasting models.

5.   Need for Managing Knowledge: There are certain specific factors that are responsible for its growing importance.
1. Marketplaces are increasingly competitive and the rate of innovation is rising.
2. Reductions in staffing create a need to replace informal knowledge with formal methods.
3. Competitive pressures reduce the size of the work force that holds valuable business knowledge.
4. The amount of time available to experience and acquire knowledge has diminished.

5. Early retirements and increasing mobility of the work force lead to loss of knowledge.

6. There is a need to manage increasing complexity as small operating companies are trans-national sourcing operations.

7. Changes in strategic direction may result in the loss of knowledge in a specific area.

6.   Knowledge Management for the New World of Business: Knowledge Management caters to the critical issues of organizational adaption, survival and competence in face of increasingly discontinuous environmental change.... Essentially, it embodies organizational processes that seek synergistic combination of data and information processing capacity of information technologies, and the creative and innovative capacity of human beings.

A Definition of Knowledge Management for the New World

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7.   Knowledge Management in the New World of Business: The traditional paradigm of information systems is based on seeking a consensual interpretation of information based on socially dictated norms or the mandate of the company bosses. This has resulted in the confusion between 'knowledge' and 'information'. However, knowledge and information are distinct entities. While information generated by the computer systems is not a very rich carrier of human interpretation for potential action, 'knowledge' resides in the user's subjective context of action based on that information. Hence, it may not be incorrect to state that knowledge resides in the user and not in the collection of information, a point made two decades ago by West Churchman, the leading thinker on information systems.

8.   Creating a Supportive Knowledge Management System: The knowledge management framework is based on the following guiding principles:

- **Fostering a knowledge-supportive environment**
  The framework promotes staff contribution to knowledge activities and encourages staff to be a knowledge worker.
- **Ensuring results orientation and continued improvement**
  The framework works to sharpen the results of knowledge management initiatives.
- **Enhancing operational relevance**
  Operational strategies will drive the approaches to knowledge management and guide the business processes and planning of administrative and information technology support.

Expected outcomes: The efforts to evolve into a learning institution and be a primary source of development knowledge are anchored on the following outcomes:

Improved organizational culture for knowledge sharing: To foster such a culture, an organization will

- incorporate knowledge management activities in staff work plans
- modify business processes to encourage knowledge sharing
- disseminate the framework widely
- Organize the training programs necessary to ensure the effective use of knowledge management tools and solutions

Improved management system

Organization will work to attain management systems that

- incorporate knowledge-related inputs and results in the work plans of divisions, departments, and offices
- consolidates individual plans for knowledge products and services at country, sub regional, and interregional levels into an organization-wide 3 year knowledge products and services work program
- reviews the concept and design of knowledge products and services using quality-at-entry evaluation criteria and a more systematic evaluation approach

Improved business processes and information technology solutions

This covers a wide-range of interventions, among them the following:

- systematic capture and enrichment of knowledge generated and gained by staff and consultants
- developing a coherent, cost-effective, and systematic process for capturing and storing information
- designing a corporate taxonomy
- implementing information technology solutions for knowledge storage and retrieval
- developing a skills and knowledge database of staff

Well-functioning communities of practice

Communities of practice comprise like-minded individuals who generate and share knowledge on a particular field. To strengthen its existing communities of practice, organization will

- refine their structure and clarify their roles and responsibilities
- generate sector and thematic reports that highlight more focused achievements and outlooks

Expanded knowledge sharing, learning, and dissemination through external relations and networking

External networks and partnerships provide effective vehicles for organization to capture new ideas and share or enhance its knowledge. To harness their potentials, organization will

- evaluate and prioritize external networks and partnerships based on their added value
- implement organization public communications policy, which will strengthen organization's capacity to process and disseminate information
- establish centers for learning, information, communication, and knowledge throughout the region

9. **Benefits of Knowledge Management:** With the explosive growth of interest in knowledge management, many different 'knowledge management frameworks' have been produced. These frameworks build on the reputation of the organizations that have created them, and the depths of experience they offer. There is considerable benefit to be derived from these frameworks, and this applies to both the knowledge management (KM) community, and to businesses looking to make use of KM.

- **Offers legitimacy**

While the benefits of applying knowledge management principles are well-defined, KM suffers from a lack of business recognition. Much of this stems from KM's relatively recent creation, and its difficulty in clearly distinguishing itself from other management disciplines. The organisations that have produced the leading frameworks typically have a strong reputation within the industry. Having a knowledge management framework associated with their name provides considerable prestige and recognition.

The value of this should not be underestimated. In many cases, using a framework will provide a starting point for meaningful discussions with management.

- **Provides consistent language**

A framework defines a consistent set of knowledge management terms and concepts. This helps to bring together all the stakeholders in a KM project, including:

- business management
- end users
- implementers
- vendors
- external consultants

In this way, any confusion is reduced, and effort can be focused on the project itself, not on discussions about the nature of knowledge management.

- **Outlines a process**

All major knowledge management frameworks offer a high-level process to follow for KM projects. This provides a direction to knowledge activities, and forms the basis for specific project management planning. In this way, the overall intent of the project is formalised, thereby simplifying the decision-making process.

- **Provides a checklist**

The frameworks provide a checklist for a practical KM project. By working through the document, a project manager can be confident that all key aspects have been addressed. This improves the consistency, quality and repeatability of KM projects, and helps to guarantee that business goals are met.

- **Offers a source of ideas**

While not intended to outline the 'state of the art', the frameworks nonetheless list a number of practical processes and approaches which can be used in real-world KM projects. Every KM project has something to learn from these frameworks.

- **Addresses non-technical aspects**

Successful KM projects focus upon a number of key areas:

- analysis and planning
- knowledge sharing and acquisition
- culture
- processes

While this is well recognised within the KM community, it is less often followed in IT departments. The frameworks provide a justification for including all these aspects in a project, thereby enhancing the final outcome.

- **Framework for building frameworks**

Large organisations don't just need a KM project, they need a framework of their own. This framework builds an approach to knowledge management that is specifically tailored to the organisation's environment, processes and goals. Once such a framework has been developed, individual business units can then initiate KM projects, confident that they will integrate into a consistent global approach. This is particularly relevant to multi-national organisations, or other geographically-dispersed businesses. With the difficulties of arranging face-to-face meetings, a documented strategy can resolve confusion, and facilitate communication.

The KM frameworks, with their very general approach to KM, provide an excellent starting point for developing a business-specific approach.

10.   Benefits That Organizations Expect From Km: Some benefits of KM correlate directly to bottom-line savings, while others are more difficult to quantify. In today's information-driven economy, companies uncover the most opportunities — and ultimately derive the most value — from intellectual rather than physical assets. To get the most value from a company's intellectual assets, KM practitioners maintain that knowledge must be shared and serve as the foundation for collaboration. Yet better collaboration is not an end in itself; without an overarching business context, KM is meaningless at best and harmful at worst. Consequently, an effective KM program should help a company do one or more of the following:

- Foster innovation by encouraging the free flow of ideas
- Improve customer service by streamlining response time
- Boost revenues by getting products and services to market faster
- Enhance employee retention rates by recognizing the value of employees' knowledge and   rewarding them for it
- Streamline operations and reduce costs by eliminating redundant or unnecessary processes

These are the most prevalent examples. A creative approach to KM can result in improved efficiency, higher productivity and increased revenues in practically any business function.

11.   Gain and support for individual KM effort and get people to use the systems and processes organization is putting in place to facilitate KM

- One tried-and-true way to build support for KM is to pilot the project among employees who have the most to gain and would be the most open to sharing their knowledge. This will vary depending on the organization.
- To get people to participate in the KM effort, you have to bake knowledge collection and dissemination into employees' everyday jobs. In other words, you have to make it as easy for them to participate as possible. A lot of early KM efforts failed because they added cumbersome steps to the jobs of already overworked employees. So when things got busy, workers just didn't bother with the extra steps.

- Linking KM directly to job performance, creating a safe climate for people to share ideas and recognizing people who contribute to the KM effort (especially those people whose contributions impact the bottom line) are also critical tactics for getting people to make KM a part of their day to day.
- Finally, many companies create incentive programs to motivate employees to share their knowledge. Ideally, participation in KM should be its own reward. If KM doesn't make life easier for employees, it will fail.

12. Technologies That Support Km: KM is not a technology-based concept. Don't be duped by software vendors touting their all-inclusive KM solutions. Companies that implement a centralized database system, electronic message board, Web portal or any other collaborative tool in the hope that they've established a KM program are wasting both their time and money.

That being said, KM tools run the gamut from standard, off-the-shelf e-mail packages to sophisticated collaboration tools designed specifically to support community building and identity. Generally, tools fall into one or more of the following categories: knowledge repositories, expertise access tools, e-learning applications, discussion and chat technologies, synchronous interaction tools, and search and data mining tools.

13. Future and Improved Paradigm Of 'Knowledge Management': So executives can realign their focus from the old world of 'information management' to the new paradigm of 'knowledge management' discussed below. A condensed checklist of implementation measures for business and technology managers is given in Table 1.

Implementation Measures for Facilitating Knowledge Management :

- Instead of the traditional emphasis on controlling the people and their behaviors by setting up pre-defined goals and procedures, they would need to view the organization as a human community capable of providing diverse meanings to information outputs generated by the technological systems.

- De-emphasize the adherence to the company view of 'how things are done here' and 'best practices' so that such ways and practices are continuously assessed from multiple perspectives for their alignment with the dynamically changing external environment.

- Invest in multiple and diverse interpretations to enable constructive conflict mode of inquiry and, thus, lessen oversimplification of issues or premature decision closure.

- Encourage greater proactive involvement of human imagination and creativity to facilitate greater internal diversity to match the variety and complexity of the wicked environment.

- Give more explicit recognition to tacit knowledge and related human aspects, such as ideals, values, or emotions, for developing a richer conceptualization of knowledge management

- Implement new, flexible technologies and systems that support and enable *communities of practice*, informal and semi-informal networks of internal employees and external individuals based on shared concerns and interests.

- Make the organizational information base accessible to organization members

who are closer to the action while simultaneously ensuring that they have the skills and authority to execute decisive responses to changing conditions.

14.   Individual Aspects of Original Knowledge Creation: The dominant conception of IT enabled knowledge management is constrained by the very nature of the knowledge creation processes. Specifically, the extant mainstream notion of such inquiring systems has given sparse attention to:

- the dynamic and continuously evolving nature of knowledge;
- the tacit and explicit dimensions of knowledge creation;
- the subjective, interpretative and meaning making bases of knowledge creation; and,
- the constructive nature of knowledge creation.

These issues are not meant to be mutually exclusive or comprehensive; however they highlight some of the limitations inherent in the current techno-centric conceptualizations of knowledge management. These issues devolve from the wicked nature of the environment discussed earlier and are aimed at providing the underpinnings for the sustenance of an inquiring organization that is capable of not only continuous learning, *but also* continuous unlearning (Hedberg 1981). The following discussion elaborates on these issues and suggests how the limitations in the current conceptualization may be addressed to some degree.

15.   The Role of HRM in Knowledge Management: Knowledge management has become a stylish term in organizations today. We can define knowledge management as the discipline that promotes an integrated approach to identifying, capturing, retrieving, sharing, and evaluating an enterprise's information assets. These information assets may include databases, documents, policies, and procedures as well as uncaptured, tacit expertise and experience resident in individual workers.

HR and Knowledge Management: There are several roles that can be played by HR in developing knowledge management system. **First**, HR should help the organization articulate the purpose of the knowledge management system. Investing in a knowledge management initiative without a clear sense of purpose is like investing in an expensive camera that has far more capabilities than you need to take good pictures of family and friends. Effectively framing the knowledge management issue, before deciding on a course of action, is a crucial prerequisite for success.

Second, as a knowledge facilitator, HRM must ensure alignment among an organization's mission, statement of ethics, and policies: These should all be directed toward creating an environment of sharing and using knowledge with full understanding of the competitive consequences.

Third, HRM should also create the "ultimate employee experience." That is, by transforming tacit knowledge into explicit knowledge through education, organizations must build employee skills, competencies, and careers, creating "bench strength." This combines the traditional training and development responsibilities of HRM with the new responsibilities of human capital steward: using all of the organization's resources to create strategic capability.

Fourth, HRM must integrate effective knowledge sharing and usage into daily life. That is, Knowledge sharing must be expected, recognized, and rewarded. For many

individuals and organizations, this reverses the conventional relationship between knowledge and power. Effective knowledge management requires this trend to be overturned and requires those with information to become teachers and mentors who ensure that others in the firm know what they know. Human resource management has the capabilities for creating, measuring, and reinforcing a knowledge-sharing expectation.

Fifth, HRM must relax controls and allow (even encourage) behaviors that, in the clockwork world of industrial efficiency, never would have been tolerated. In the knowledge economy, conversations inside and outside the company are the chief mechanism for making change and renewal an ongoing part of the company's culture.

Sixth, HRM must take a strategic approach to helping firms manage email, instant messenger, internet surfing, and similar uses of technology. Clearly, the Internet has a role in generating and disseminating knowledge, and therefore is an integral part of knowledge management. But what are the unintended effects of monitoring email, tracking employees' web searches, and similar issues related to privacy? Certainly some control is needed, but the larger question for HRM is determining appropriate boundaries. When does control become counterproductive? When does excessive monitoring become an inappropriate invasion of privacy?

A related issue is HRM's role in helping firms manage the distancing consequences of electronic communication. As employees increasingly rely on technology to communicate, they lose opportunities to develop the rich, multifaceted relationships that encourage the communication of tacit knowledge. Human resource management can contribute to developing social capital by sensitizing employees to the negative consequences of excessive reliance on electronic media and by creating opportunities for face-to-face contact.

16. **Conclusion:** In the corporate sector as elsewhere, the ultimate message is that our most important resource today is knowledge and not land, labor or capital. Corporations or firms are urged to re-design themselves as social learning systems because the primary rationale for a "firm's existence is to create, transfer and apply knowledge".

Knowledge management often encompasses identifying and mapping intellectual assets within the organization, generating new knowledge for competitive advantage within the organization, making vast amounts of corporate information accessible, sharing of best practices, and technology that enables all of the above — including groupware and intranets. The value of Knowledge Management relates directly to the effectiveness with which the managed knowledge enables the members of the organization to deal with today's situations and effectively envision and create their future. Without on-demand access to managed knowledge, every situation is addressed based on what the individual or group brings to the situation with them. With on-demand access to managed knowledge, every situation is addressed with the sum total of everything anyone in the organization has ever learned about a situation of a similar nature. Despite the importance assigned to it, what to do with knowledge remains a controversial issue in the corporate world. Some argue that the key turns on "knowledge management," a methodology for retrieval, integration, storage and dissemination of knowledge assets. There is, however, more than one way to manage knowledge. For example, one position prefers an "extension model" that emphasizes dissemination of knowledge over use and is research-to-practice focused. An alternative camp urges a problem-solving approach in

which knowledge is generated "at the bottom," with external agencies supporting but not controlling knowledge generation.

A review of existing conceptualizations of IT-enabled knowledge management suggests that sparse attention has been given to the human aspects of knowledge creation. We discussed how the human aspects of knowledge creation are critical for sustaining such systems for facilitating inquiry based on divergence of meanings and perspectives. Implications were drawn for improving the design of inquiring systems for knowledge management in inquiring organizations. Knowledge management programs can yield impressive benefits to individuals and organizations if they are purposeful, concrete, and action-oriented.

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