



Subject: MIS

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Differentiate between knowledge and information and explain the significance of knowledge for a business firm.

What is Information?

Information is a set of data that is processed in a meaningful way according to the given requirement. It is processed, structured, or presented in a given context to make it meaningful and useful.

Information assigns meaning and improves the reliability of the data. It helps to ensure undesirability and reduces uncertainty. Therefore, when the data is transformed into information, it never has any useless details. It includes data that possess context, relevance, and purpose. It also involves the manipulation of raw data which eventually becomes knowledge.

What is Knowledge?

Knowledge is a combination of information, experience, and insight that helps the individual or the organization. It is linked to doing and implies know-how and understanding. Knowledge is possessed by each individual and is an outcome of his or her experience. It also covers the norms to evaluate new inputs from his surroundings.

KEY DIFFERENCES:

Information is refined data whereas the knowledge is useful information

The outcome of information is comprehension while the outcome of knowledge is understanding.

Information improves representation and Knowledge increases consciousness

Information alone is not sufficient to make any predictions while in knowledge prediction is possible if one possesses the required experience.

Information is a text that answers the questions a who, when, what, or where while knowledge is a text that answers the questions of why and how.

Information is easily transferable while to transfer knowledge you require learning.



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Information	Knowledge
1 Information is refined data	The knowledge is useful information
2 Data and context	Information, experience, and intuition
3 Comprehension is its outcome.	Understanding is its outcome.
4 Easily transferable	To transfer you require learning
5 Improves representation	Increases consciousness
6 All information need not be knowledge.	All knowledge is information.
7 Information can be reproduced.	Knowledge reproduction is not possible.
8 Information alone is not sufficient to make any predictions.	Prediction is possible if one possesses the required knowledge.
9 A flow of meaningful messages	Beliefs and commitments created from these messages
A message used to change the receiver's perception	It contains experiences, values, insights, and contextual information
Text that answers the questions a who, when, what, or where.	Text that answers the questions of why and how.



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The information indicates the organized data about someone or something which is obtained from various sources like the internet, newspaper, television, etc.

Knowledge means the awareness or understanding of the subject obtained from the education or experience of a particular person.

Information is a refined form of data that is useful to understand the meaning.

knowledge is the relevant information that helps in drawing conclusions.

Processing results allow you to improve the representation and ensures an easy interpretation of the information.

Processing results in increased consciousness, therefore, enhance subject knowledge.

Information brings on comprehension of the figure and facts.

Knowledge can lead to an understanding of the subject.

The transfer of information is easy using different means. It can be verbal or non-verbal signals.

The transfer of knowledge is difficult, as it requires learning on the part of the receiver.

Basic sources of knowledge

Your sources of business knowledge could include:

- Customer knowledge - you should know your customers' needs and what they think of you. You may be able to develop mutually beneficial knowledge sharing relationships with customers by talking to them about their future requirements, and discussing how you might be able to develop your own products or services to ensure that you meet their needs.
- Employee and supplier relationships - seek the opinions of your employees and your suppliers - they'll have their own impressions of how you're performing. You can use formal surveys to gather this knowledge or ask for their views on a more informal basis.
- Market knowledge - watch developments in your sector. How are your competitors performing? How much are they charging? Are there any new entrants to the market? Have any significant new products been launched?
- Knowledge of the business environment - your business can be affected by numerous



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outside factors. Developments in politics, the economy, technology, society and the



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environment could all affect your business' development, so you need to keep yourself informed. You could consider setting up a team of employees to monitor and report on changes in the business world.

- Professional associations and trade bodies - their publications, academic publications, government publications, reports from research bodies, trade and technical magazines.
- Trade exhibitions and conferences - these can provide an easy way of finding out what your competitors are doing and to see the latest innovations in your sector.
- Product research and development - scientific and technical research and development can be a vital source of knowledge that can help you create innovative new products - retaining your competitive edge.
- Organisational memory - be careful not to lose the skills or experience your business has built up. You need to find formal ways of sharing your employees' knowledge about the best ways of doing things. For example, you might create procedural guidance based on your employees' best practice. See the page in this guide: create a knowledge strategy for your business.
- Non-executive directors - these can be a good way for you to bring on board specialised industry experience and benefit from ready-made contracts.

Exploiting your knowledge

Consider the measurable benefits of capturing and using knowledge more effectively. The following are all possible outcomes:

An improvement in the goods or services you offer and the processes that you use to sell them. For example, identifying market trends before they happen might enable you to offer products and services to customers before your competitors.

Increased customer satisfaction because you have a greater understanding of their requirements through feedback from customer communications.

An increase in the quality of your suppliers, resulting from better awareness of what customers want and what your staff require.

Improved staff productivity, because employees are able to benefit from colleagues' knowledge and expertise to find out the best way to get things done. They'll also feel more appreciated in a business where their ideas are listened to.

Increased business efficiency, by making better use of in-house expertise.

Better recruitment and staffing policies. For instance, if you've increased knowledge of what your customers are looking for, you're better able to find the right staff to serve them.

The ability to sell or license your knowledge to others. You may be able to use your knowledge and expertise in an advisory or consultancy capacity. In order to do so, though, make sure that you protect your intellectual property.



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Make knowledge central to your business

In order to manage the collection and exploitation of knowledge in your business, you should try to build a culture in which knowledge is valued across your business.

One way to do this might be to offer incentives to staff who supply useful market news or suggest ways customers can be better served. You can use these knowledge management practices throughout your organisation to build better processes.

As part of your knowledge management, you should also make sure that any intellectual property that your business holds is protected. This means that you have the right to stop competitors from copying it - and also allows you to profit by licensing your business' knowledge.

Protecting and exploiting your knowledge base will be more effective if you develop efficient systems for storing and retrieving information. Your files - whether stored digitally or on paper - contain knowledge that you can use to make your products, services, systems and processes better and more customer-focused.

Keep knowledge confidential. Your employment policies play a central role in this. For example, you might get staff to sign non-disclosure agreements (also known as confidentiality agreements) when they join the business as this ensures that they understand the importance of confidentiality from day one. Employment contracts can be written to reasonably limit your employees' freedom to quit and work immediately for one of your rivals (restraint of trade clauses) or set up a competing business to yours in the vicinity (restrictive covenants).

Sharing knowledge across your business

It's essential to avoid important knowledge or skills being held by only a few people, because if they leave or retire that expertise could be lost to your business. If you have efficient ways of sharing knowledge across the business, it will be more widely used and its value and effectiveness are likely to be maximised.

Knowledge sharing

Consider the best ways of sharing new ideas and information with your staff. You may already have regular meetings when you can brief employees and ask them to share ideas and best practice.

You could consider holding innovation workshops or brainstorming sessions at which staff are given the freedom and encouragement to think of ways in which the business could improve.

It can also be a good idea to create a knowledge bank containing useful information and instructions on how to carry out key tasks. Putting this on an intranet is ideal as it will encourage staff to post news or suggestions.



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Technology alone isn't the answer to sharing knowledge - it has to be managed carefully so that information is channelled properly. You may decide to appoint a senior manager as knowledge champion for your business. See the page in this guide on how to make knowledge central to your business.

Incentives and training

Remember that offering staff incentives to come up with suggestions for how the business can be improved is often an effective way of getting them to use and share knowledge.

Don't forget the importance of training in spreading key knowledge, skills and best practice across your business.

Create a knowledge strategy for your business

If you want to get the most from your business' knowledge, you need to take a strategic approach to **discovering, collating** and **sharing** it. This is done via a knowledge strategy - a set of written guidelines to be applied across the business.

If your strategy is to be effective, you must make sure your senior managers are committed to it and are fully aware of the benefits it can bring. Discuss with them the best ways of collecting and using knowledge.

You may decide to appoint a senior manager as **knowledge champion** for your business. For more information see the page in this guide on how to make knowledge central to your business. When you're drawing up the strategy you need to:

- consider how effective your business currently is at using its knowledge
- analyse your internal processes for gathering and sharing information - are there successful ways of generating ideas and do staff have a good grasp of what's happening?
- make sure that knowledge management, acquisition and distribution is a continuing process, so that it becomes central to your business' strategy

You should also identify the value of knowledge to your business. Think of ways you could exploit your knowledge for financial gain - perhaps by gaining a larger market share, developing new products, or selling or licensing your protected intellectual property to others. Ensure these fits in with your overall business plan.