2. Knowledge Management (KM): Concept, Features and Process

Concept of KM:

KM may be defined as follows:

Knowledge management is a process of acquiring, generating, accumulating and using knowledge for the benefit of the organisation to enable it to gain a competitive edge for survival, growth and prosperity in a globalized competitive economy.

According to some management experts, notably Peter F. Drucker, KM is a bad term; in as much as knowledge cannot be managed.

Rather, KM requires conditions for the emergence of a learning organisation; which is necessary for generation, sharing and use of knowledge residing in the minds of people.

Features of Knowledge Management

Some salient features of KM are described below:

(i) KM is a systematic process; consisting of standardized procedures to collect, store,

distribute and use knowledge. The essence of KM is to get right knowledge to right people, at the right time.

(ii) Knowledge is of two types – explicit and implicit.

Explicit knowledge is visible information available in literature, reports, patents, technical specifications, communication with customers, suppliers, competitors etc. It can be embedded in rules, systems, policies and procedures etc. of the organisation.

Tacit or implicit knowledge is personal knowledge residing in the minds of people as a result of their personal beliefs, values, perspectives and experience. There is a need for a learning organisation for enhancement, sharing and utilisation of tacit knowledge.

(iii) KM is a continuous process; as the world economy is dynamic and full of challenges. It requires constant creation of new skills and capabilities and improvement of existing ones.

(iv) KM requires whole-hearted support of top management, to provide cultural and technical foundation for the origination and implementation of KM practices.

(v) The objective of KM is improvement in organisational performance; to enable the organisation acquire, sharpen and utilize its competitive edge for survival and growth in the global economy of today.

Knowledge Management and Information Technology:

KM is not an outgrowth of IT. Rather, KM requires human skills, creativity and innovative capabilities of people; which are the base of KM. In fact I there are tools of IT like

Intranets, Lotus Notes, MS-Exchange etc.; which provide an infrastructure for the free play of human creativity and innovative powers for the formulation of corporation strategy, in a competitive globalized environment.

The above ideas are illustrated with the help of the following diagram:

Knowledge Management IT and Corporate Strategy

An Overview of the Process of KM:

KM broadly consists of the following major steps:

(i) Identification of Knowledge Needs:

The first step in KM is an identification of what type of knowledge is required for the successful designing and implementation of corporate strategy.

(ii) Determination of Knowledge Assets:

The management must identify what are the knowledge assets of the organisation; which basically are competitors, suppliers, governmental agencies, products and processes, technology etc. Management must plan to get maximum returns out of knowledge assets.

(iii) Generation of Knowledge:

Generation of knowledge requires two sources:

(a) Acquisition of knowledge through knowledge assets e.g. knowledge about new products (from competitors), new technologies, social, economical, political changes. It also requires transformation of raw information into knowledge, useful to solve business problems.

(b) Generation of knowledge, by creating conditions for the emergence of a learning organisation. This is the most important internal source of knowledge generation which makes tacit knowledge of individuals available for organisational purposes.

(iv) Knowledge Storage:

It includes preserving existing and acquired knowledge in knowledge repositories. (A knowledge repository is an on line computer based storehouse of organised information about a particular domain of knowledge).

(v) Knowledge Distribution:

It is a process which allows members of the organisation to have an access to the collective knowledge of the organisation.

(vi) Knowledge Utilization:

It requires embedding knowledge in products, processes, procedures etc. of the organisation. Best utilisation of knowledge takes place when managers utilize knowledge in organisational decision making. A learning organisation creates conditions for sharing and utilizing knowledge in organisational contexts.

(vii) Feedback on Knowledge Management

Feedback on KM implies evaluating the significance of knowledge assets. It also includes impact of KM on organisational performance; and devising techniques for betterment of KM in future.

An overview of the process of KM- at a glance Significance of Knowledge Management

Significance of KM could be highlighted with reference the following advantages which KM provides to the organisation:

(i) Building and Sharpening Competitive Edge:

KM enables a corporation to build and sharpen its competitive edge, for survival and growth in the competitive globalized economy. In fact, KM aided by IT tools enables a corporation to design and implement most appropriate corporate strategies.

(ii) Betterment of Human Relations:

KM is basically built on the knowledge generated, shared and utilized through a learning organisation. There is no doubt that learning organisation provides the foundation on which the building of KM could be built. A learning organisation through facilitating interaction among people of the organisation, leads to betterment of human relations; which is a very big permanent asset an organisation can boast of to possess.

(iii) Improvement in Organisational Efficiency:

KM provides knowledge which can be embedded in organisational processes. It makes knowledge available for decision-making purposes. Thus it helps to improve organisational efficiency, resulting in reduced costs and increased profits, for the organisation.

(iv) Enhancement of Human Capital Capabilities

KM-its concept and practices – motivate people to enhance their intellectual capabilities, resulting in new skills, improvement of existing skills etc. Thus not only does KM enhance the intellectual elements of people; but also indirectly prevents depreciation of human capital.

(v) Enhancement of Enterprise Goodwill:

Initiation and practices of KM help an enterprise enhance its goodwill in the global market; enabling it to acquire more success and prosperity.