

CHAPTER OUTLINE

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In the good old days learning was a holistic process. In the **gurukul** system, guru and shishya interacted closely and continuously and the individual was at the center of the learning process. Unfortunately, modern classrooms involve less of learning and more of cramming of information. Even at the workplace the focus is more on the daily grind than on learning. According to Peter Drucker, “much of what we call management consists in making it difficult for people to work”.

29.1 CONCEPT OF KNOWLEDGE MANAGEMENT

Knowledge refers to the fluid mix of contextual information, experience, values and expert insight that provides a framework for evaluating and incorporating new experiences and information. Knowledge originates and resides in the minds of people. Thus, knowledge is information combined with context, experience, interpretation and reflection.

Knowledge can be of different kinds—tacit knowledge and explicit knowledge. Tacit knowledge is highly invisible and confined in the mind of a person. It is hard to formulate and, therefore, difficult to communicate to others. Tacit knowledge is essentially personal in nature. It is difficult to explain with the help of language. Individual skills intuition, Intelligence and knowledge constitute tacit knowledge. On the other hand, explicit knowledge is visible information available in the

form of literature, reports, etc. It can be embedded in objects, rules, systems, etc. It can be communicated through language and other forms of communication.

Knowledge Management (KM) may be defined as the process of generating, accumulating, sharing and using knowledge to create and restore value in organizations. Knowledge management is also a process of creating an interactive learning environment where people transfer and share what they know, internalize it and apply it to create new knowledge. The essence of knowledge management is to leverage and reuse the learning's that already exist in the organization so that people will seek out and apply best practices rather than reinvent the wheel.

Knowledge management may be defined as the process of creating new skills, capabilities, competence and expertise, developing and improving the existing ones, and sharing use of knowledge by the members of an organisation. As a continuous process knowledge management involves creativity, innovation and learning. These activities lead to creation of new knowledge and improvement of existing knowledge management process consists of three sub-processes :

- (i) **Organisational Learning.** This is the process through which the organisation acquires information.
- (ii) **Knowledge Production.** This involves transforming information into knowledge.
- (iii) **Knowledge Distribution.** Members of the organisation access and use the collective knowledge to improve efficiency and effectiveness

Knowledge management should not be confused with information technology which only provides as infrastructure for free play and development of human creativity and innovation without which knowledge cannot be created and applied.

Thus, knowledge management is a process that continuously and systematically transfers knowledge from individuals and teams who generate them to the brain of the organization for the benefit of the organization as a whole.

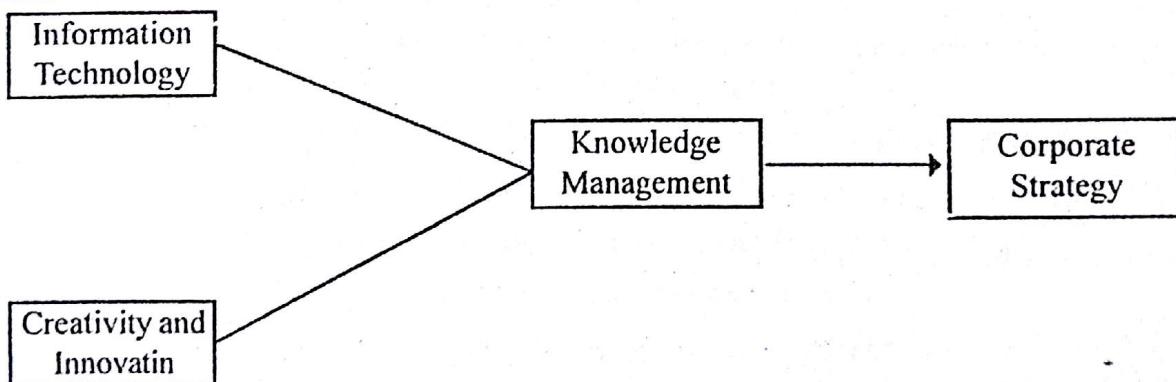


Fig. 29.1 : Knowledge Management and Corporate Strategy.

37.2 PROCESS OF KNOWLEDGE MANAGEMENT

Knowledge management process consists of the following steps :

1. **Identification :** The first stage involves identifying the nature, kinds and more of knowledge required for the effective functioning of the organisation. Such identification can be done by listing the knowledge assets of the organisation. Knowledge assets generally include knowledge about the markets, products, processes and technologies of the company. It is also necessary for

the organisation to understand the kind of knowledge (tacit or explicit) that it uses and how to manage the knowledge assets for best results. An organisation should also take into account its future needs for knowledge.

2. **Knowledge Generation.** As an ongoing process, knowledge generation involves acquisition and synthesis of knowledge. Acquisition includes mapping and capturing knowledge. Mapping the existing and available knowledge in terms of its context, relevance and location is very helpful in knowledge generation. Preparation of knowledge maps, enables an employee to find out 'who' knows 'what'. Synthesis of knowledge requires putting different kinds of knowledge together to evolve new patterns and approaches.
3. **Knowledge Storage.** The generated and acquired knowledge needs to be preserved in properly indexed form. The knowledge topology relevant to the organisation is determined and interlinked knowledge repositories are created. Maintaining a knowledge base is essential for use in future. A **knowledge repository** is an online computer-based storehouse of organised information, expertise, experience, knowledge and documents about a particular domain such as business intelligence, customer relationship management, supply chain management, and so on. It serves as a source of knowledge for problem-solving, decision making and performance improvement.
4. **Knowledge Utilisation.** This phase involves transferring and sharing across the organisation the stored knowledge. Automatic access of knowledge and its distribution to the users on the basis of their needs facilitates utilisation of knowledge.

The sub-processes of knowledge generation, knowledge storage and knowledge utilisation are inter-linked. They follow a spiral path as shown in Fig. 37.2 Once existing knowledge is stored, applied and shared, next phase of enhancing existing knowledge and acquiring new knowledge begins.

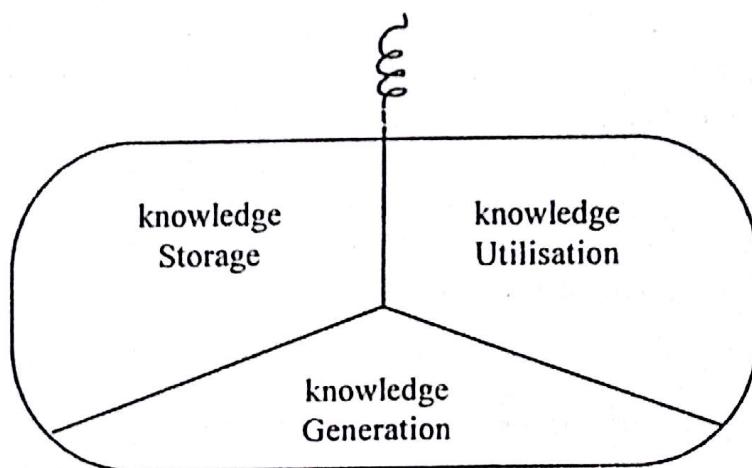


Fig. 29.2 : The Knowledge Spiral

5. **Sharing knowledge.** Knowledge-sharing involves transfer and diffusion of best practice. Tacit knowledge can, however, be shared only through interpersonal interactions.

29.3 IMPORTANCE OF KNOWLEDGE MANAGEMENT

The world of business is changing very fast and an enterprise needs to build and sustain a competitive

advantage in order to survive and prosper in a highly competitive market place. The competitive advantage of an enterprise is neither static nor everlasting. An organisation's capacity to improve existing skills and learn new ones offers the most defensible competitive advantage of all. In the knowledge economy, intangible assets - intellectual capital, brand equity, and so on have become more important than tangible assets. Therefore, knowledge management is a must for any business enterprise operating in the competitive and globalised era.

Effective management of knowledge can provide the following benefits :

- (i) Reduce loss of intellectual capital
- (ii) Reduce costs by achieving economies of scale,
- (iii) Increase Productivity
- (iv) Break barriers to communication,
- (v) Promote creativity and innovation, and
- (vi) Gain a competitive edge by adding value through intellectual assets.

29.4 KNOWLEDGE MANAGEMENT IN INDIAN INDUSTRY

Indian companies are increasingly using knowledge management after knowing the experience of western companies. Growing competition in the market place and information technology are the driving forces behind KM in Indian industry.

In recent years, Hindustan Lever, Larsen and Toubro, Goodlass Nerolac, Ogilvy and Mather, Tata Engineering have announced KM initiatives. This is because Indian companies have realised that KM can substantially enhance productivity, reduce costs, and improve competitiveness. But the success in KM largely depends upon an organization's ability to learn.

While the initial results are heartening, nobody can guarantee long-term success with KM. The focus of KM should be on organizational learning rather than on technology and systems. The companies that will succeed in the decades that lie ahead are those that allow their people to learn faster and better. This requires giving employees the freedom to experiment with new ideas, rewarding people who are willing to learn, penalizing knowledge hoarders and so on.

- Given normal work pressures, employees need convincing that KM is worth doing.
- Employees are sometimes unsure whether the learning's they contribute are already well-known.
- To ensure regular postings of knowledge, the tools have to be more user-friendly.
- The lack of any immediate reward for participation is a dampener.
- Not all employees are comfortable with typing out insights and learnings.¹

29.5 PITFALLS AND PROBLEMS IN KNOWLEDGE MANAGEMENT

1. Absence of adequate knowledge systems that capture and store 'tacit' knowledge residing in the minds of personnel (having technical/scientific or other expert knowledge). To illustrate: when technical service personnel do not file reports after field visits, the next team that goes out for the same work has to start afresh and reinvent the wheel.
2. Absence of an effective learning organizational culture. Many companies have inadequate filing

1. Indian Management, May 2003

and database management systems. There is a need to set up common knowledge domains (e.g., power point presentations, parliamentary questions, training materials, suggestion scheme inputs, computer programmes, library search results, patents and publications, internal publication, etc.). This also includes establishing effective content management and knowledge delivery systems.

3. Inadequate to-and-fro dissemination of knowledge between the knowledge center and other key stakeholders (including manufacturing logistics and marketing divisions, institutional customers, academic institutions, quality standard institution and equipment builders).

Companies struggle in knowledge management when they fail to identify exactly who in to business the knowledge effect is intended to serve. They have no plan for how their people should work, share develop and apply knowledge to achieve their goals.

29.6 REQUIREMENTS FOR SUCCESSFUL MANAGEMENT OF KNOWLEDGE

If we take the view that knowledge management is primarily tacit and resides in the minds of people, knowledge management requires management of knowledge workers. In this view, knowledge management is not limited to collecting information from various domain experts and creating databases.

The main requirements for successful management of knowledge are as follows :

1. **Knowledge culture** : First of all an organizational culture in which creative thinking is permitted and encouraged must be related and nurtured. Since knowledge is generated, absorbed and used by humans, cultural issues are most important in knowledge management. Often employees are reluctant to share knowledge for fear of losing control and power or for other reasons. Therefore, appropriate incentives and rewards systems need to be developed and used to motivate employees to share knowledge. Barriers to knowledge sharing should be removed by linking promotion and other benefits to contributions made towards creation, sharing and use of knowledge for the benefit of the organization.
2. **Knowledge strategy** : Every organization should develop a knowledge strategy focussing on different aspects of creating, sharing and using knowledge. The knowledge strategy should identify the knowledge gap, i.e., what an organization must know for achieving its goals and what it knows at present. The knowledge requirements of various parts of an organization should be listed and solutions to them should be provided.
3. **Technology** : Technology is a key enabler for any knowledge management system. It provides the foundation for solutions, which automate, and centralized the sharing of knowledge. KM technology can be broken down into various stages—knowledge generation, codification, storage, transfer and application. Information and communication technology (OCT) can be used in all stages of KM lifecycle.
4. **Knowledge Team** : It is necessary to create a key team for continuous generation and sharing of knowledge. Companies should also create valued knowledge manager positions. A knowledge center is required to capture personal expertise into organizational knowledge allow people access to such knowledge and increase responsiveness. It would serve as a repository of business solutions.

The new knowledge in an organization is generally created through following five modes :

1. **Acquisition** : The most direct and often most effective way to acquire new knowledge is to buy it, e.g., to buy an organization or hire individuals that have it.
2. **Adaptation** : New products from competitors, new technologies, and social and economic change drive knowledge generations because firms that do not change in response to changing conditions will fail.
3. **Fusion** : It brings together people with different perspectives to work on a problem or project, forcing them to come up with a joint answer.
4. **Dedicated resources** : It is customary to generate knowledge in an organisation is to establish units or groups especially for that purpose, R & D departments are the standard example.
5. **Networks** : Communities brought together by common interest usually talk together in person, on telephone and via e-mail and group to share expertise and solve problems together.

SUMMARY

1. Knowledge management is the process of generating, accumulating, sharing and using knowledge for improving organizational performance.
2. The process of knowledge management consists of get, use, learn, contribute, assess, build and sustain and divest phases.
3. Knowledge management can provide a sustainable competitive advantage to an organization.
4. Several Indian companies (e.g., L&T, HLL, etc.) are successfully applying knowledge management techniques.
5. Knowledge culture, knowledge strategy, technology and team are keys to success in knowledge management.

TEST QUESTIONS

1. Write a note on 'Knowledge Management'. (Delhi, 2005)
2. Explain the significance and process of knowledge management. (Delhi, 2008, 2009)
3. Explain the process of knowledge management. What is the significance of successful management of knowledge? (Delhi, 2010)
4. What is knowledge management? Discuss its importance for a modern business enterprise. (Delhi, 2011)
5. What are the problems and pitfalls in knowledge management? Suggest measures to make knowledge management effective.