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Knowledge Management – Leading the way...



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Abstract

What is knowledge? It is the full utilization of information and data, coupled with the potential of people's skills, competencies, ideas, intuitions, commitments and motivations. Knowledge is the basis for, and the driver of, our post-industrial economy. It is value-added behavior and activities. Knowledge management is an audit of "intellectual assets" that highlights unique sources, critical functions and potential bottlenecks which hinder knowledge flows to the point of use. It protects intellectual assets from decay, seeks opportunities to enhance decisions, services and products through adding intelligence, increasing value and providing flexibility. Knowledge management strategies and implementation of knowledge-based systems have gained importance over the last decade. Knowledge leaders play a pivotal role in an organization and appropriate and effective leadership can influence and inspire the subordinates. Knowledge leaders provide a vision and positive energy to encourage others for translating an organization's knowledge concepts into reality. Knowledge Leader acts as a motivator, communicator and knowledge executor for other co-workers in an organization. The essential role of Knowledge Management is to serve customers well and remain in business companies must: reduce their cycle times, operate with minimum fixed assets and overhead (people, inventory and facilities), shorten product development time, improve customer service, empower employees, innovate and deliver high quality products, enhance flexibility and adaption, capture information, create knowledge, share and learn.

"Knowledge management-still going strong"

To all the people who are enthusiastic about improving the way individuals, organizations, and the society handle knowledge

Effective knowledge-sharing does not drown people in information; instead, it speeds up the problem solving process. Because knowledge is perishable if it is not shared and used by others, it can lose value and we may not effectively achieve our goals and we certainly won't be recognized. So the benefit of sharing knowledge is acquiring new knowledge in return.

Keywords: Knowledge, Management, Information Management, Human Resource Management

Introduction

The factors affecting the rapidly changing business economy are social, cultural, legal, political, technological and competition. Till recently, the basic factors of production were land, labor and capital. Even though knowledge existed, it was still inferior to these, unlike today, where knowledge management is considered as a value creator and a competitive tool. For effective business management, customer satisfaction and long-term preservation of the products, application of knowledge is essential. Knowledge characteristics include the following:

- Use of knowledge does not consume it.
- Much of an organization's valuable knowledge walks out of the door at the end of the day.

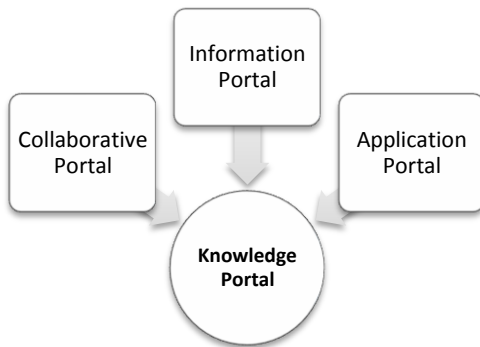


Figure (1) – A Typical Knowledge Portal

Knowledge Management (for the organization): - consists of activities focused on the organization gaining knowledge from its own experience and from the experience of others, and on the judicious application of that knowledge to fulfill the mission of the organization. These activities are executed by technology, organizational structures, and cognitive based strategies to raise the yield of existing knowledge and produce new knowledge. Critical in this endeavor is the enhancement of the cognitive system (organization, human, computer, or joint human-computer system) in acquiring, storing and utilizing knowledge for learning, problem solving and decision making.

Information Management And Knowledge Management – are they same?

Accurately, they are not. Information management is the usage of information resources and information capabilities of the organization in order to add and create value both for itself and for its clients or customers.

Information Management provides the foundation for Knowledge Management, but the two are focused differently. Information Management is concerned with processing and adding value to information and the basic issues here include access, control, coordination, timeliness, accuracy and usability. Knowledge Management is concerned with using the knowledge to take action and the basic issues here include codification, diffusion, practice, learning, innovation and community building.

The operational origin of Knowledge Management, as the term is understood today, arose within the consulting community and from there the principles of Knowledge Management were rather rapidly spread by the consulting organizations to other disciplines. The consulting firms quickly realized the potential of the Intranet flavor of the Internet for linking together their own geographically dispersed and knowledge-based organizations. Once having gained expertise in how to take advantage of intranets to connect across their organizations and to share and manage information and knowledge, they then understood that the expertise they had gained was a product that could be sold to other organizations.

History of Knowledge Management

Knowledge management as a conscious discipline would appear to be somewhere between five and fifteen years old. It evolved from the thinking of academics and pioneers such as Peter Drucker in

the 1970s, Karl-Erik Sveiby in the late 1980s, and Takeuchi in the 1990s. During that time, economic, social and technological changes were transforming the way that companies worked. Globalization emerged and brought new opportunities and increased competition. Companies responded by downsizing, merging, acquiring, re-engineering and outsourcing. However their successes in doing so came with a price. Many lost company knowledge as they grew smaller. And many lost company knowledge as they grew bigger – they no longer “knew what they knew”.

By the early 1990s a growing body of academics and consultants were talking about knowledge management as “the” new business practice and it began to appear in more and more business journals and on conference agendas. By the mid-1990s, it became widely acknowledged that the competitive advantage of some of the world’s leading companies was being carved out from those companies’ knowledge assets such as competencies, customer relationships and innovations. Many of these companies took the approach of implementing “knowledge management solutions”, focusing almost entirely on knowledge management technologies. However they met with limited success and so questions began to be asked about whether knowledge management wasn’t simply another fad that looked great on paper, but in reality did not deliver. In fact for a while, it looked as if knowledge management was destined to be confined to the “management fad graveyard”. However on closer inspection, companies realized that it wasn’t the concept of knowledge management that was the problem as such, but rather the way that. Reasons included:

1. The focus was on the technology rather than the business and its people.
2. There was too much hype – with consultants and technology vendors cashing in on the latest management fad.
3. Most knowledge management literature was very conceptual and lacking in practical advice, which led to frustration at the inability to translate the theory into practice – “it all makes so much sense but why isn’t it working?”
4. Knowledge management was not tied into business processes and ways of working.
5. There wasn’t sufficient senior executive level buy in.

Fortunately companies are now recognizing these early mistakes and are beginning to take a different approach to knowledge management – one in which the emphasis is more on people, behaviors and ways of working, than on technology. Of course there are still some skeptics who believe that knowledge management is just a fad. But according to a number of company surveys, it would seem that they are in a minority. A more popular view is that knowledge management may not remain as a distinct discipline, but rather will become embedded in the way organizations work. This can be compared to Total Quality Management which was the “in thing” in the

1980s; nobody talks about "TQM" any more, but many of its principles and practices are an integral part of how most organizations operate. It looks likely that this could also be the future for knowledge management.

Factors affecting development

There are two key things concerning knowledge. Knowledge is the key determinant of future economic growth and national prosperity. Knowledge driven competitiveness globally exploits the nation's knowledge, skills and creativity – which is far more difficult to copy.

1. **External Factors:** These factors are of the external environment and may be bound to change with time, making them uncontrollable and unpredictable. Some of these include Globalization, International Competition, Suppliers and Sophisticated Customers.
2. **Internal Factors:** To avail the fast growing opportunities and post solutions to the challenges, there was a need to develop internal resources, which lead to various changes within an organization. Problems in production, increased technological capability, understanding HR etc. come under this category.

In a nutshell, we can conclude that these factors were the essential driving forces for knowledge management.

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.

Benefits of Knowledge Management:

Practitioners of Knowledge Management include philosophers, priests, teachers, politicians, scribes, Liberians etc. many of our decisions and actions have profound and long lasting effects, it makes sense to recognize and understand the processes that effect or actions and decision and where possible, take steps to improve the quality these processes and in turn improve the quality of those actions and decisions for which we are responsible. Careful application of knowledge can result in better decisions, particularly, at the working level. It's not decisions made by strategists at the top that make or break a company; but the sum total of the day-to-day decisions made at the front lines of an organization. Better decisions are achieved by spending less time on information gathering and more on the creative process.

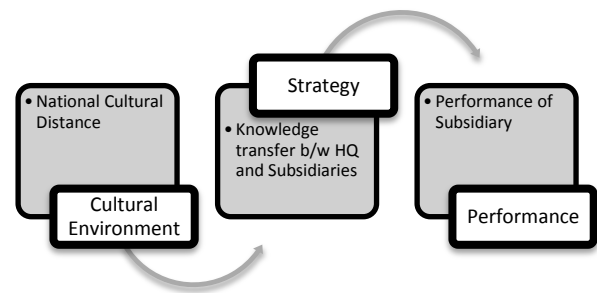


Figure (3) – Knowledge Culture

Knowledge management provides the tools to:

1. Increase relevant information access.
2. Facilitate collaboration and knowledge sharing.
3. Shortening cycle time.
4. Provide a base for incentive and reward for employees.

The end results of the efforts and implementation of an effective knowledge management are:

1. Business cost lowered.
2. Increase in production
3. Quality improvement and timely analysis.
4. Increased customer satisfaction and loyalty.

Knowledge management is seen as an approach mainly to increase effectiveness of knowledge resources. Little has been done to use Knowledge Management as a tool to boost innovation. As it is difficult to put a value on missed opportunities companies seem to be often unaware of their unexploited potential of intellectual capital. To relate Knowledge Management and innovation in firms remains a management challenge for the future. Effective knowledge management should dramatically reduce costs. This is often because they simply do not know that what they are trying to do have already been done by elsewhere. They do not know what is already known or they do not know where to access the knowledge. Continually reinventing the wheel is such a costly and inefficient activity, whereas a more systematic reuse of knowledge will show substantial cost benefits immediately.

Effective knowledge management, using more collective and systematic processes, will also reduce our tendency to 'repeat the same mistakes'. Hence, Knowledge Management can dramatically improve quality of products and/or services.

Implementation

Implementing a Knowledge Management system can be a detailed process, involving an extensive amount of time and resources to set the system in motion. Creating support for the new system from the top down in an organization is the first step, according to Gartner analyst Rita Knox. "You have to get your executive management interested in knowledge management," Knox said. "You have to have popular belief in the value of knowledge management for it to be successful. We know that collaboration and innovation is the way to go."



Figure (2) – Effective Knowledge Management

There are primarily two different ways of implementing knowledge management, which are:

1. **Identifying the business problem:** Successful implementation of knowledge management requires a clear identification of the business problem to be solved and an alignment of the knowledge management project with overall business objectives. Organizations need only to attack a single business problem to begin to infuse knowledge management methodologies into their daily activities and add value to the organization. Another reason for focusing knowledge management efforts on a set of clear objectives is that most successful knowledge management projects start small and are tested thoroughly, because clearly focused knowledge management projects avoid information overload.
2. **Preparing for change:** Knowledge Management involves cultural changes in the way employees perceive the knowledge they develop. One common cultural hurdle to increasing the sharing of knowledge is that companies primarily reward individual performance. Organizations have to expect that contributions to a knowledge management project and maintenance of a knowledge management system, are an investment in corporate learning and ultimately in corporate efficiency. Given the changes to corporate culture, behavior and processes that usually characterize knowledge management, corporate leaders have to be committed to the effort. Employees with time for knowledge management also need coaching and help. Once people are ready to try knowledge management, the corporation needs to support them with technical tools and coaching.
3. **Creating the team:** Once a problem is selected and the business objective of implementing knowledge management is clear, organizations can determine what kinds of knowledge employees need in order to solve the problem. It's very easy to get overwhelmed with the amount of knowledge that could be shared. Start with a small group, in one department and grow from there. This will help us figure out what information we'd like to keep and how we'd like to organize it.

4. **Knowledge Audit:** A knowledge audit focuses on finding, itemizing and putting values to knowledge assets and checking compliance with approved processes. The key activity is determining the worth and market value of intellectual property and capital and spotting policy and practice deviations. Mostly this activity is concerned with portfolio management and tangible (hard) assets. It covers legal and security issues, ownership, market value, portfolio dynamics and synergies, potential for realizing capital gains and enhancing revenue streams.

Knowledge Audit basically deals with the following questions:

1. What are the organization's knowledge needs?
2. What knowledge assets or resources does it have and where are they?
3. What gaps exist in its knowledge?
4. How does knowledge flow around the organization?
5. **Defining Key features:** Although individual knowledge management systems are as different as each individual organization, they share many basic features. Most knowledge management projects will need to distribute components of their systems. The ability of a knowledge management system to handle such distribution is important as the company and its system grows. Everyone is busy. If being part of a knowledge management program is difficult or time-consuming, people may not want to be involved. The easier it is for people to participate, the more likely we are to succeed.

Linking the knowledge to people: Finding "who knows what" in an organization has always been a time-consuming process and relying on something like 'a pleasant surprise' is no solution to find the person with the right knowledge. The need to locate subject-matter experts is not new — and many enterprises have implemented "skills databases" to try to solve this problem. Skills databases depend on end users to manually update their profiles as their competencies and job functions change. Hence, the value of editorial content management cannot be overemphasized, since knowledge management will not succeed if there are no workers and managers whose primary duties involve gathering and editing knowledge.

Tools and Techniques:

What are the differences between Data, Information and Knowledge?

An example - Consider a document containing a table of numbers indicating product sales for the quarter. As they stand, these numbers are Data. An employee reads these numbers, recognizes the name and nature of the product and notices that the numbers are below last year's figures, indicating a downward trend. The data has become Information. The employee considers possible explanations for the product decline (perhaps using additional information and personal judgment), and comes to the conclusion that the product is no longer attractive to its

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customers. This new belief, derived from reasoning and reflection, is Knowledge.

Thus, information is data given context and endowed with meaning and significance. Knowledge is information that is transformed through reasoning and reflection into beliefs, concepts and mental models. The various tools and techniques used in Knowledge Management are as follows:

- **AFTER-ACTION REVIEW:** An after-action review is a tool to evaluate and analyze as to *what* happened and *how* it can be improved. In general, it takes the form of a quick and informal discussion at the end of the project or at its key stages. After Action Review should be carried out with an open spirit and no intent to blame.
- **CASE STUDY:** Case study is the written examination of project or important part of a project. It has a clear structure and is often published with a broad audience in mind. Case studies may be descriptive or explanatory. The latter type is used to explore causation in order to find underlying principles. They may be prospective (in which criteria are established and cases fitting the criteria are included as they become available) or retrospective (in which criteria are established for selecting cases from historical records for inclusion in the study).

Various common misunderstandings about case studies are as follows:

1. General, theoretical knowledge is more valuable than concrete, practical knowledge.
 2. One cannot generalize on the basis of an individual case and therefore, the case study cannot contribute to scientific development.
 3. The case study is most useful for generating hypotheses, whereas other methods are more suitable for hypotheses testing and theory building.
- **KNOWLEDGE CAFÉ:** It brings people together to have open, creative conversation on topics of mutual interest. It encourages people to explore issues that require discussion in order to build a consensus around an issue. The knowledge café is lead by a facilitator, who begins by explaining the purpose of knowledge cafés and the role of conversation in business life. People reflect on the small group discussions and share any thoughts, insights and ideas on the topic that may have emerged.
 - **STORY-TELLING:** Storytelling is quite simply the use of stories in organizations as a communication tool to share knowledge. Traditionally, organizational communications have had a tendency to be somewhat dry and lacking in inspiration. Storytelling uses a range of techniques to engage, involve and inspire people, using language that is more authentic (everyday language as opposed to “textbook buzzwords speak”) and a narrative form that people find interesting and fun. When used effectively, storytelling offers numerous advantages because people enjoy sharing stories – stories enliven and

entertain. Also, stories are memorable – their messages tend to “stick” and they get passed on.

- **KNOWLEDGE EXCHANGE:** A knowledge exchange takes place when someone is moving on from their current position; it aims to recover unique and valuable information from them before they leave. Knowledge exchange seeks to organize, create, capture or distribute knowledge and ensure its availability for future users. It is considered to be more than just a communication problem. If it were merely that, then a memorandum, an e-mail or a meeting would accomplish the knowledge transfer. Complications in knowledge exchange include various factors, some of which are mentioned below:
 - ✓ Previous exposure or experience with something.
 - ✓ Misconceptions
 - ✓ Faulty information
 - ✓ Organizational culture non-conducive to knowledge sharing (the "Knowledge is power" culture)
 - ✓ Motivational issues
 - ✓ Lack of trust
 - ✓ Capability
- **BENEFITS TREE:** A simple but effective tool for showing interdependencies between different types of benefit. Many senior executives want a clear understanding of the 'bottom line' benefits of knowledge management before they invest. Typically a knowledge initiative is an infrastructure project where the cost is visible, but the benefits are diffused throughout the organization. It relates the immediately visible benefits, through a series of steps to those understood by senior executives.
- **PEER ASSIST:** This tool can be used to acquire knowledge from other teams. Workers are more inclined to use knowledge and insights from other peers before they undertake a project or task. The key to a successful peer assist is to plan to begin after the team has exhausted their own internal knowledge, have created their plan, but before beginning any actual implementation. A peer assist can typically consist of 4-8 individuals and the time to complete an assist can be as short as a few hours to as long as a couple of days.
- **RAPID EVIDENCE REVIEW:** It is a way of reviewing research and evidence on a particular issue. It looks at what has been done in any particular area and records the main outcomes.
- **RETROSPECTIVE REVIEW:** It is an in-depth discussion that happens after the completion of a project, event or activity.



Figure (4) – A Typical Knowledge Management Procedure

Role of HR and Leaders:

People’s commitment to Knowledge Management determines majorly the outcome of a process. Employees may be drawn from many different settings, where they have developed different values and expectations as to how knowledge is shared and used. Human Resource Management describes the organizational process and systems that help with staff recruitment, selection and management. Human Resource Management supports both employees and the employer and hence, serves the following purposes:

1. To ensure the undertaken project/process contributes to achieving the organization’s goals, to the maximum extent possible.
2. Encouraging the development of effective systems and processes.

By providing a neat and effective framework to manage the work-force of an organization, Human Resource Management reflects upon the prime objectives of a task, thereby directing the attention towards desired outcomes and rewarding the achievements. Alongside Human Resource Management, Performance Management Systems can also be very helpful. They provide an effective mechanism to recognize value and reward the efforts of the employees.

Knowledge leaders are the key to the establishment of Knowledge Management in any organization by developing an effective knowledge community and translating the knowledge concept to reality. Why do organizations need knowledge leaders? Simply put, to bridge the natural hurdles to sharing knowledge within the large enterprise. This is the very essence of knowledge management. This is typically fostered through fluid communication channels in an open culture. Unfortunately, neither comes naturally to a large organization. Leadership is needed to foster the climate, the practices and the incentives for knowledge sharing.

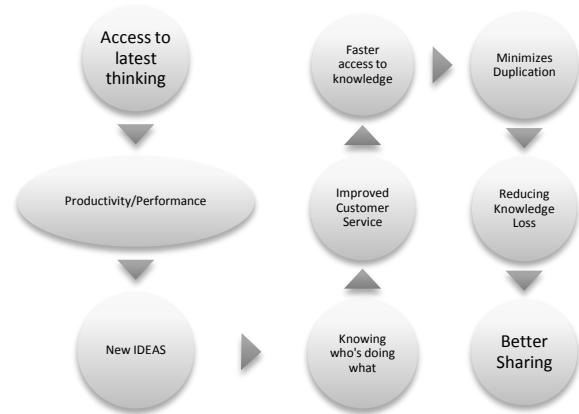


Figure (5) – Knowledge Management Benefits Challenges to Knowledge Management:

The theoretical/conceptual challenge lies in the lack of common definition of Knowledge Management. There exists widespread variation in how scholars define it. Like the field of Leadership, there needs to be further study and dialogue on what defines Knowledge Management. It is only from that common understanding that the field itself will flourish rather than becoming a popular management fad. Development and timely implementation of knowledge management is not a child’s play. There are a lot of challenges, some of which have been listed below:

1. **Cultural Issues:** One of the greatest challenges in organizing Knowledge Management is desire and motivation. Without people within the company or organization having the motivation or vision for sharing information, they shut down. Without the vision of why Knowledge Management is important, people are not willing to give. Another problem comes from the organization itself. If it is not willing to change it turns on those that try to initiate it. We have been trained that knowledge is power. To give up that power is antithetical to building our own importance verses the best interests of the organization. It is in general, difficult for the management to bring the people together, the prime reason being the gap b/w both these sides. Generally occurs because of very low incentives given by the management towards the all-round development of its work force. In this world of constant change, the organizations that learn how to be smart, quick, agile and responsive are the ones that will survive long into the future. Organizations, though, are not machines. They are made up of people who need time to experience, reflect and learn. Likewise, knowledge is not something that can be quantified and it is far more complex in that it is derived out of human relationships and experiences.

Technological Issues: Technology has started dictating the terms related to the functioning of management. So, Knowledge Management is finding it difficult to develop. The initial challenge of knowledge management is synthesizing the

information processing technologies in your organization and the unique abilities of the people to allow the organization to survive and thrive on knowledge. The problem in many organizations is that they do not transmit the value that they placed on the organization's knowledge and learning processes. The result is usually a lack of participation in the knowledge management process. The concept of knowledge management and the degree to which its value is outpacing the tangible assets of companies has become an issue of concern for many organizations and managers.

Results:

The rapidly changing business environment has forced the organizations to be at par with the changes for effective business handling. For this sole purpose, knowledge management is the branch of management that takes care of the generation, transmission and sharing of knowledge with other employees of the organization. It helps improve the quality of work-force, systems and the organization itself, which in turn provides competitive advantage over the rest. For this, it is necessary to create favorable organizational environment so that people can take interest to learn more. The combined efforts of both Knowledge Management and Human Resource Management contribute in development of competencies and the attitude of employees and the management of the organization. Knowledge management is the attempt to secure the experience as well as the work product the individuals who comprise a corporation.

Effective knowledge management can be increased as systems and procedures are developed to address and improve each of the foundational stones. The challenge facing the organization comes in maintaining the dynamic nature of the interrelationship of areas of knowledge management. Implementing a complete knowledge management system is no small feat; however, the results can be impressive and risks can be minimized by taking a phased approach that gives beneficial returns at each step.

Three suggestions for addressing the first building block of systematic problem solving:

1. First is reliance on the scientific method (hypothesis testing) rather than on guesswork when it comes to problem solving.
2. Second, decision making should be based on data, not assumptions (fact-based management).
3. And third, use simple statistical tools to organize and communicate data.

A lot of businesses are overwhelmed by the information explosion in the last several years. Information specialists should seize this time to assist their companies in managing this information overload. The problem is made even more complex by the rapid transition in company personnel which has recently affected lot of organizations.

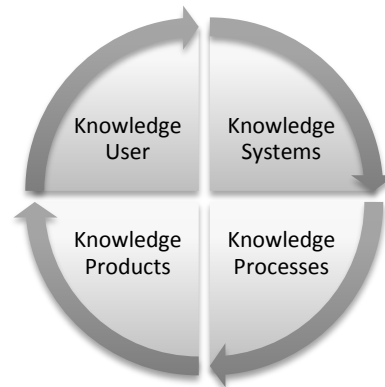


Figure (6) – Inter-Related Components Of Knowledge Management

However, Knowledge Management shouldn't be overloaded with jobs other than managing knowledge-based assets. Otherwise, its efficiency goes down. Favorable working environment should be created by introduction of incentive programmes.

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