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Role and importance of knowledge management in Indian business enterprises

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Abstract
In today's business scenario, there are so many new and advance technologies having their existence in the trade, which plays a vital role in the growth of the nation. Theses advanced technology has been growing rapidly in many aspects. Technology has been used for supporting any tools in human's life and many activities now depend on it. In the series of these novel technologies, knowledge management takes place a great importance in business organizations. 'Knowledge Management' refers to the process of integrating practices into everyday lifestyles aimed at the sharing/acquiring of skills, capabilities, experiences, and 'lessons learnt' within individuals to create a collective intelligence to assist the excelling at future challenges and objectives. We are in a knowledge era, where knowledge has emerged as the critical resource. The productivity of knowledge is the most important issue that needs to be taken care of Indian industry is facing tough competition in this hyper-competitive global-mall. Good knowledge management practices could help the industry in this scenario. It is the process through which organizations can generate value from their intellectual and knowledge-based assets. This paper discuss about the role and importance of Knowledge Management for Indian business. This paper further suggests a model of Knowledge Management System. This paper also made an attempt to discuss about the main challenges in the execution of knowledge management.

Keywords: Knowledge Management System, Innovation, Information, Total Quality Management, Supply Chain Management, Business Organizations

1. Introduction

We are living in an economy of kaleidoscopic change where the only element, which is constant, is change. The industry environment is being influenced by unexpected, multiple changes reducing the period for which organizations can hold on to a competitive advantage. Every sector of industry in every corner of the globe has been affected by this change.

One of the catalysts of this change has been the market, which has also changed from a seller's market to a buyer's market. The buyers are more informed, thanks to the growth of Internet and consequently, information dissemination. Organizations, over the years, have practiced many methods to create and sustain competitive advantage. Some of the initiatives are Total Quality Management (TQM), Business Process Re-engineering (BPR), Supply Chain Management (SCM), and Customer Relationship Management (CRM) etc. These initiatives, although have resulted in firms attaining some competitive advantage, are replicable and not sustainable over a longer period of time. Hence, organizations are now focusing on methods of creating new knowledge and harnessing existing knowledge to gain sustainable competitive advantage.

The importance of focus on knowledge as a source of competitive advantage is understood better when one looks at the ratio of market value to book value of a knowledge intensive firm.

Knowledge management is the name of a concept in which an enterprise consciously and comprehensively gathers, organizes, shares, and analyzes its knowledge in terms of resources, documents, and people skills. In early 1998, it was believed that few enterprises actually had a comprehensive knowledge management practice (by any name) in operation. Advances in technology and the way we access and share information has changed that; many enterprises now have some kind of knowledge management framework in place.

Knowledge management involves data mining and some method of operation to push information to users. Some vendors are offering products to help an enterprise inventory and access knowledge resources. IBM's Lotus Discovery Server and K-Station, for example, are products advertised as providing the ability to organize and locate relevant content and expertise required to address specific business tasks and projects. They are said to be able to analyze the relationships between content, people, topics, and activity, and produce a knowledge map report.

The value of knowledge for the modern enterprise is increasingly being recognized the world over, and more and more enterprises are explicitly attempting to manage this important asset. To be successful in the management of knowledge as an asset, it is of fundamental importance to recognize that knowledge assets, just as any other asset of the enterprise, should be managed in the context of the overall business. The focus is therefore, not on knowledge per se, but rather on managing the business to include a knowledge perspective. This is achieved by recognizing that knowledge is a valuable asset that should be managed explicitly in business organizations.

Knowledge management encompasses not only the related notions of knowledge transfer and knowledge sharing (externally from other firms to the small firm and/or internally among firm members), but the entire knowledge acquisition and utilization process, beginning with locating and capturing knowledge (including tacit knowledge which is difficult to codify), and followed by the enabling of that knowledge within the firm.

The concept of knowledge management is not new in information systems practice and research. However, radical changes in the business environment have suggested limitations of the traditional information-processing view of knowledge management. Specifically, it is being realized that the programmed nature of heuristics underlying such systems may be inadequate for coping with the demands imposed by the new business environments. The new business environment, characterized by dynamically discontinuous change, requires a re-conceptualization of knowledge management.

1.1 Importance of knowledge management in business organizations

Business organizations, focused on producing a product or service for customers. However, one of the most significant key to value-creation comes from placing emphasis on producing knowledge. The production of knowledge needs to be a major part of the overall production strategy.

But, one of the biggest challenges behind knowledge management is the dissemination of knowledge. People with the highest knowledge have the potential for high levels of value creation. Though, this knowledge can only create value, if it's placed in the hands of those who must execute on it. Knowledge is usually difficult to access – it leaves when the knowledge professional resigns.

According to Andrew Carnegie "The only irreplaceable capital an organization possesses is the knowledge and ability of its people. The productivity of that capital depends on how effectively people share their competence with those who can use it."

Therefore, knowledge management is often about managing relationships within the organization. Collaborative tools (intranets, balanced scorecards, data warehouses, customer relations management, expert systems, etc.) are often used to establish these relationships. Some companies have developed knowledge maps, identifying what must be shared, where can we find it, what information is needed to support an activity, etc. Knowledge maps codify information so that it becomes real knowledge; i.e. from data to intelligence.

For example, AT&T's knowledge management system provides instant access for customer service representatives, allowing them to solve a customer's problem in a matter of minutes. Monsanto uses a network of experts to spread the knowledge around. Employees can look up a knowledge expert from the Yellow Page Directory of knowledge experts.

Every organization should strive to have six capabilities working together:

1. **Produce:** Apply the right combination of knowledge and systems, so that an organization can produce knowledge based environment.
2. **Respond:** Constantly monitor and respond to the marketplace through an empowered workforce within a decentralized structure.
3. **Anticipate:** Become pro-active by anticipating events and issues based on this new decentralized knowledge based system.
4. **Attract:** Attract people who have a thirst for knowledge, people who clearly demonstrate that they love to learn and share their knowledge opening with others. These so-called knowledge professionals are one of the most significant components of your intellectual capital.
5. **Create:** Provide a strong learning environment for the thirsty knowledge worker. Allow everyone to learn through experiences with customers, competition, etc.
6. **Last:** Secure long-term commitments from knowledge professionals. These people are key drivers behind your organization. If they leave, there goes the knowledge.

Knowledge professionals are going to become the dominant force behind the new economy. It is incumbent upon all organizations to embrace this need for managing knowledge. If we take a look at those organizations that seem to create value against the competition, then we will invariably find a strong emphasis of business organizations on knowledge management.

1.2 Reason for Emphasis on Knowledge Management (KM)

The main reasons for an emphasis on knowledge management are as follows:-

- Economic and market-driven requirements created by customer demands and international competition.
- Increase in customer demands for products and services that fulfill their particular needs more precisely and to a greater advantage
- Loss of knowledge to the organizations due to increased personnel turnover.
- It helps organizations to be able to repeat the processes followed in past successful projects.
- Effective knowledge management practices helps organizations avoid repeating mistakes of past projects, thereby reducing the time span required for completing current projects.

1.3 Knowledge management: In Indian business organizations

The rapidly changing business environment and the constant challenges, poses to organizations and businesses, makes it imperative to continuously enhance knowledge and skill sets across the organization. India has witnessed Knowledge Management (KM) in practice in many business organizations. Examples of few companies are mentioned below -

Kansai Nerolac (*formally Goodlass Nerolac*), paint-maker, embraced Knowledge Management, because a need was felt to capture knowledge from purchase patterns of customers and dealer insights. Along with money paid for the product, customers also provide a lot of information as their perception of the product and similar substitute products. The strategic challenge lies in designing an interface which will permit easy trapping of customer information.

Know Net – the knowledge management portal of Larson & Toubro (a construction company) was set up to solve problems occurring at project sites. It uses KM to roll out real world construction projects at lower costs. Each employee in the organization has accumulated experience over the years and has unknowingly used it for problem solving or creating strategies. The strategic challenge lies in getting people to know 'what they know' and then share it with others, make it articulate and explicit.

Infosys Technologies (software producer) uses its Knowledge Management in India. Infosys has conceived, developed and deployed internally an elaborate architecture for KM that aims to take the company to a 'Learn Once, Use Anywhere'

paradigm. In mid 1999 a formal initiative for implementing KM was adopted and the vision was to 'enable every action by the power of knowledge, leverage knowledge for innovation, empower every employee by the knowledge of every other employee, and to be a globally respected knowledge leader'.

ICICI Bank believes that building a learning organization is critical for being competitive in products and services and meeting customer expectations. The *ICICI portal* "Wise Guy" was started because a need was felt to create and generate the culture of knowledge sharing. The need was sparked off by mass exodus of employees from their 'Treasury' moving towards the then greener pastures of the 'Dotcom Era'. Whenever an employee moves, he does not leave behind him documented information about the job or client that he was associated with. This causes a lot of botheration for the new incumbent. He spends most of his time trying to build a foundation and begin his work – in other words it is the reinvention of the wheel. Another reason for introduction of this concept could be due to the fact that the merger of ICICI with ICICI Bank was in the offing. The "Wise Guy" portal could act as a common thread binding two different cultures enabling a smooth transition into a universal bank. ICICI Bank has branches spread all over the country. There are employees who have interacted only via emails and have never seen each other. They function as a virtual team. There was a need to bring about a common platform for uniting the people across the country and foster a sense of belonging. This need was not being fulfilled by the existing Intranet.

1.4 Models of knowledge management system

Model of knowledge management system based on the interplay, between articulated and tacit knowledge at four different levels: the individual, the small group, the organization, and the inter-organizational domain. These are related to organizational characteristics, such as employment systems, career patterns, and organization structure.

The models of knowledge management system are as follows:-

1. **Network Model:** The focus is on connections, acquisition, sharing, transfers via horizontal exchanges. Important knowledge resides in a network of actors connected by 'boundary spanners'. Awareness of insights and information outside formal teams and groups is a key driver. Knowledge work is seen as building social relationships, social capital and attending to reciprocity. Competencies include empathy, facilitation networking via telephony and Internet tools.
2. **Cognitive Models:** Knowledge is seen as a corporate asset that requires careful capture, representation, storage, measurement, preservation and dissemination. Value comes from repetitive application of captured best practices and avoiding pitfalls documented as lessons learned. Key focus is on reuse, replication, standardization and 'weeding' of outdated routines. Finding the correct balance between *exploration and exploitation* has eluded many organizations that follow this model.
3. **Community Model:** Recognizes the close relationship between self-organization, continuous learning and informal exchanges for knowledge stewardship. Knowledge is founded in the thinking that circulates in a community, where language is shared, trust allows exploration of heuristics, patterns may be crafted and subtle symptoms and repetitive working solutions are spread via story telling.
4. **Philosophical Model:** Based on interactive Socratic dialog within a strategic context, this model values deep questioning of assumptions and continual inquiry into behavior of competitors, markets and internal processes. This approach values personalization over codification and uses very little technology.
5. **Quantum Model:** Organizations that have made good KM progress, subscribe to parts of the Network, Philosophical and Community models with a little cognitive modeling thrown into the mix. The key drivers seem to be connections & relationships, trust, empathy, community, deep dialog and technology to capture persistent conversations.

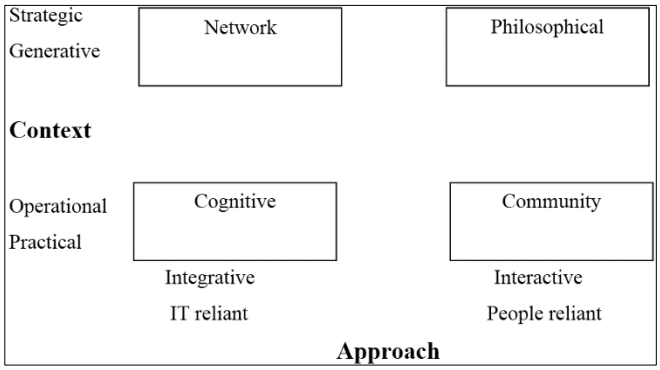

Fig 1: Quantum Knowledge Management Model

1.5 Challenges in implementation of knowledge management

Most of the challenges in knowledge management primarily stem from the types of knowledge reuse situations and purposes. Knowledge workers may produce knowledge that they themselves reuse while working. However, each knowledge re-use situation is unique in terms of requirements and context. Whenever these differences between the knowledge re-use situations are ignored, the organization faces various challenges in implementing its knowledge management practices. Some of the common challenges resulting due to this and other factors are listed below

1. **Data Accuracy:** Valuable raw data generated by a particular group within an organization may need to be validated before being transformed into normalized or consistent content.
2. **Data Interpretation:** Information derived by one group may need to be mapped to a standard context in order to be meaningful to someone else in the organization.
3. **Data Relevancy:** The quality and value of knowledge depend on relevance. Knowledge that lacks relevance simply adds complexity, cost, and risk to an organization without any compensating benefits. If the data does not support or truly answer the question being asked by the user, it requires the appropriate meta-data (data about data) to be held in the knowledge management solution.

1.6 Ability of the data to support/deny hypotheses: Does the information truly support decision-making? Does the knowledge management solution include a statistical or rule-

based model for the workflow within which the question is being asked?

1.7 Adoption of knowledge management solutions: Do organizational cultures foster and support voluntary usage of knowledge management solutions?

1.8 Knowledge bases tend to be very complex and large: When knowledge databases become very large and complex, it puts the organization in a fix. The organization could cleanse the system of very old files, thus diluting its own knowledge management initiative. Alternatively, it could set up another team to cleanse the database of redundant files, thus increasing its costs substantially. Apart from these, the real challenge for an organization could be to monitor various departments and ensure that they take responsibility for keeping their repositories clean of redundant files.

2. Conclusion

Knowledge Management provides detailed information on Knowledge Management, Knowledge Management Software, Knowledge Management Systems, Knowledge Management Tools and more. Knowledge Management is an exciting, vibrant field of practice in the business organizations. It is full of challenges, full of cross-disciplinary applications and the need for innovation. But it is also a field struggling to find its foundations in a sea of communications, demands, and conflicting interests, not all of which are consistent with the need to found a productive discipline based in both theory and practice.

In the current industry scenario of flux and uncertainty, organizations cannot achieve sustainable competitive advantage, by pursuing just a product-market based strategy or a resource based strategy. They need to appreciate the importance of the knowledge existing in the organization and harness the knowledge through appropriate knowledge management strategies and align this strategy with the business strategy. Moreover, they also need to create new knowledge through creative methods and build new capabilities to achieve sustainable competitive advantage.

The main objective of knowledge management (KM) should be to arrange, orchestrate and organize an environment in which people are invited and facilitated to apply, develop, share, combine and consolidate knowledge.

Let us hope that in the coming years knowledge management would prove a good step in the right direction of all Indian Business Organizations.

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