

## A study about knowledge management: Its importance and concept

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### Abstract

Knowledge Management emerged as a scientific discipline in the earlier 1990s. Knowledge management is recognized as an important weapon for sustaining competitive advantage and improving performance. For centuries, scientists, philosophers and intelligent laymen have been concerned about creating, acquiring, and communicating knowledge and improving the reutilization of knowledge. However, it is only in the last 15–20 years or so that a distinct field called “knowledge management” (KM) has emerged. The evaluation of knowledge management (KM) performance has become increasingly important since it provides the reference for directing the organizations to enhance their performance and competitiveness.

The main purpose of this paper is to study and analyze the available literature based on the Knowledge Management and to understand how it has been studied and evaluated by different authors who are working in this area. Current literature focuses on Knowledge Management - importance and its Concept. The study suggests that there should be wide empirical studies in this area so that, through the Knowledge Management system we can analyze the organizational performance.

This paper provides an understanding of factors that involved in implementing knowledge management concept to enhance organizational performance. Also, it provides an assessment tool that helps organizations to assess their knowledge management capabilities and identify the possible existing gaps in their knowledge management systems and suggest the possible ways to enhance organizational performance.

Organizational learning (OL) is complementary to KM. KM efforts overlap with organizational learning and may be distinguished from that by a greater focus on the management of knowledge as a strategic asset and a focus on encouraging the sharing of knowledge. KM is an enabler of Organizational learning.

Data has to be collected from multiple sources of evidence, in addition to books, journals, websites, and news papers. It explores the main issues in adoption of Knowledge Management practices.

*“We know more than we can tell” - Polanyi, 1966*

**Keywords:** Knowledge, Knowledge Management, Organizational Performance, Knowledge Management Capabilities, Organizational Learning

### 1. Introduction

Today Knowledge is Power because it controls access to opportunity and advancement. Twenty-first centuries is undoubtedly the century of knowledge, in which most organizations possess knowledge that enables them to improve their performance.

The advent of the Internet and the World Wide Web has made unlimited sources of knowledge available to us all.

Knowledge management is the deliberate and systematic coordination of an organization's people, technology, processes, and organizational structure in order to add value through reuse and innovation. This coordination is achieved through creating, sharing, and applying knowledge as well as through feeding the valuable lessons learned and best practices into corporate memory in order to foster continued organizational learning.

### 2. Objective of the study

The objective of the present study is to review the following:

- i. The importance of Knowledge Management and
- ii. Analyze the Concept, Need, Advantages and limitations of Knowledge Management for individual and for Organisation.

### 3. Research methodology

The study has been done mainly on the basis of secondary data and information available from books and published works and reports.

### 4. Objective of knowledge management

- Facilitate a smooth transition from those retiring to their successors who are recruited to fill their positions.
- Minimize loss of corporate memory due to attrition and retirement.
- Identify critical resources and critical areas of knowledge so that the corporation “knows what it knows and does it well—and why.”
- Build up a toolkit of methods that can be used with individuals, with groups, and with the organization to stem the potential loss of intellectual capital.

### 5. History of knowledge management

**IN 70's:** A number of management theorists have contributed to the evaluation of KM.

- **Peter Drucker:** Information and knowledge as organizational resources.
- **Peter Senge:** "learning organization"

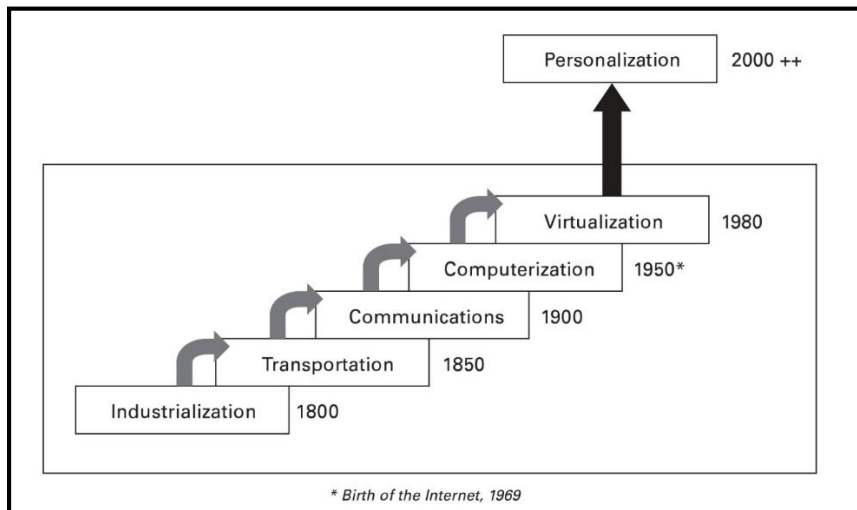
- **Chaparral Steel:** A company having knowledge management strategy

**IN 80's**

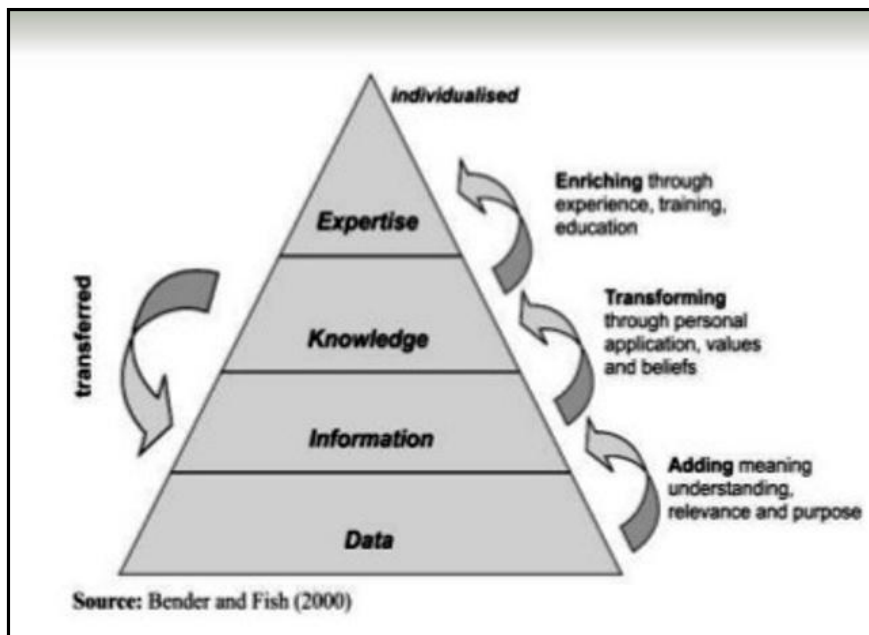
- Knowledge as a competitive asset was apparent.
- Managing knowledge that relied on work done in artificial intelligence and expert systems.
- Knowledge management-related articles began appearing in journals and books.

**IN 90's UNTIL NOW**

- A number of management consulting firms had begun in-house knowledge management programs. E.g. ADAM's Model
- The Knowledge management was introduced in the popular press.
- International Knowledge Management Network (IKMN) went online in 1994.



**Developmental Phases in Knowledge Management History**

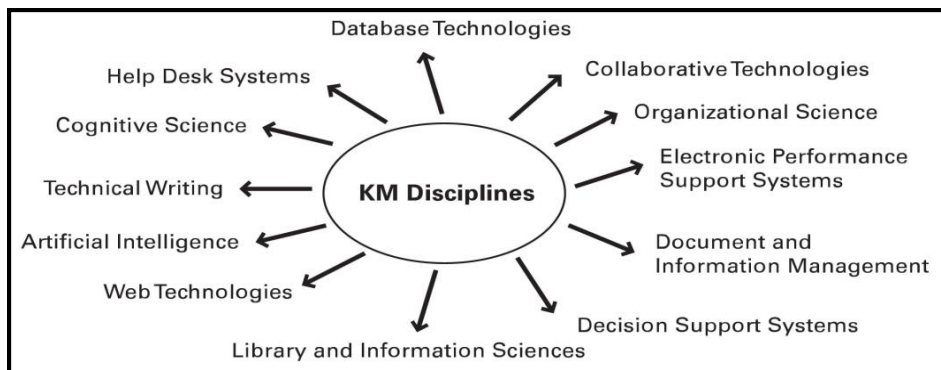


**Knowledge Hierarchy**

**6. Multidisciplinary Nature of Knowledge Management**

Knowledge management draws upon a vast number of diverse fields such as:

- Organizational science.
- Cognitive science.
- Linguistics and computational linguistics.
- Information technologies such as knowledge-based systems, document and information management, electronic performance support systems, and database technologies.
- Information and library science.
- Technical writing and journalism.
- Anthropology and sociology.
- Education and training.
- Storytelling and communication studies.
- Collaborative technologies such as Computer Supported Collaborative Work and groupware, as well as intranets, extranets, portals, and other web technologies.



**Interdisciplinary Nature of Knowledge Management**

**7. Types of Knowledge**

There are two Major Types of Knowledge. They are tacit knowledge and explicit knowledge

- **Tacit knowledge:** That type of knowledge which people carry in their mind, and is, therefore, difficult to access.
- **Explicit knowledge:** That type of knowledge which has been or can be articulated

Explicit knowledge	Tacit knowledge
Tangible	Intangible
Physical objects, e.g. in documents or databases	Mental objects, i.e. it's in people's head's
Context independent	Context affects meaning
Easily shared	Sharing involves learning
Reproducible	Not identically replicated

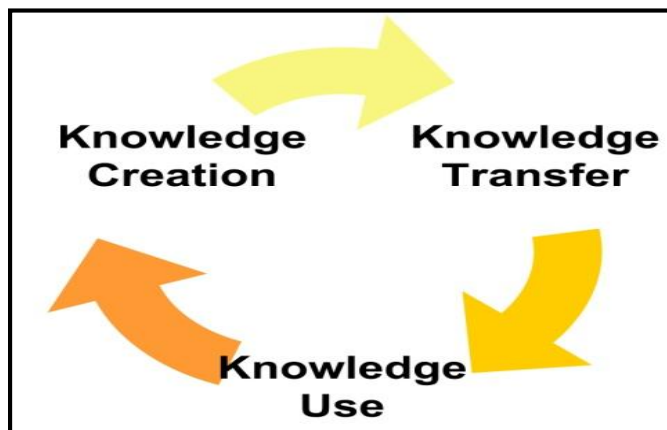
Explicit knowledge, which can be expressed in words and numbers and shared in the form of data, scientific formulae, product specifications, manuals, universal principles and so forth. The Japanese, however, see this form as just the tip of

the iceberg. They view knowledge as being primarily tacit, something not easily visible and expressible.

Tacit knowledge is highly personal and hard to formalise, making it difficult to communicate or share with others. To be precise, there are two dimensions to tacit knowledge. The first is the "technical" dimension, which encompasses the kind of informal and hard-to-pin-down skills or crafts often captured in the term "know-how".

Tacit knowledge also contains an important cognitive dimension. It consists of beliefs, perceptions, ideals, values, emotions and mental models so ingrained in us that we take them for granted. Western philosophy has a tradition of separating "the subject who knows" from "the object that is known", epitomised in the work of the French rationalist Descartes. He proposed a concept that is called after him, the Cartesian split, which is the separation between the knower and the known, mind and body, subject and object.

In contrast, the Japanese intellectual tradition placed a strong emphasis on the importance of the "whole personality", over indirect, intellectual abstraction.



**Basic knowledge life cycle**

**8. Importance of knowledge management**

Knowledge management (KM) is the management of knowledge within Organisation.

In today's fast – paced business environment – knowledge management is adding the core of every manager's agenda. The varied dimensions of this environments demands continuous and rapid changes within the organization. So, Management must response to change or face the inevitable.

"KM caters to the critical issues of organizational adoption competence in face of increasingly discontinuous

environmental changes; essentially, it embodies organizational processes that seek synergistic combination of data and information processing capacity of information technologies and the creative and innovative capacity of human beings."

The objective of knowledge management is to capture tacit knowledge of different stakeholders of the organization as customers, shareholders, employees, suppliers etc. and make it explicit so that other employees can take advantage of it. Such sharing of information will enable improved and quicker decision making and benefit the organization.

The ultimate goal of Knowledge management is the systematic advancement of organizational learning so that core competencies grow stronger and wider spread throughout the organization.

KM helps in making a clear distinction between knowledge on the one hand, and information and data on the other.

**Data**

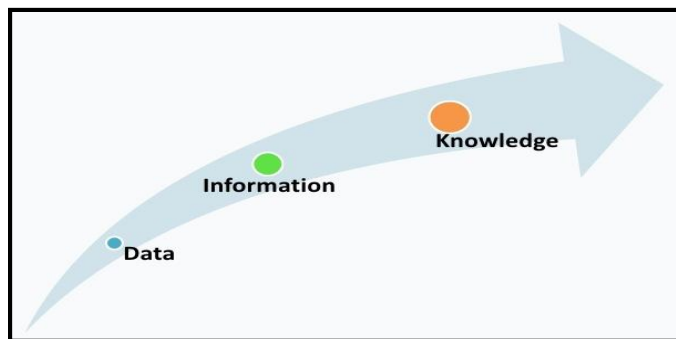
Data is the foundation of knowledge. If we imagine knowledge creation as a process (like making a cake, a car or a book), Data is the raw material extracted from business environment, components, facts. Data can be thought of as the observable facts of a situation or the separate in gradients that make up the event. In a business setting data enables company to measure their value and demonstrate net worth. A single piece of data or a mass of unstructured data in and of itself doesn't convey any particular meaning. Therefore data becomes useful when it is placed in some kind of context that turns it into information.

**Information**

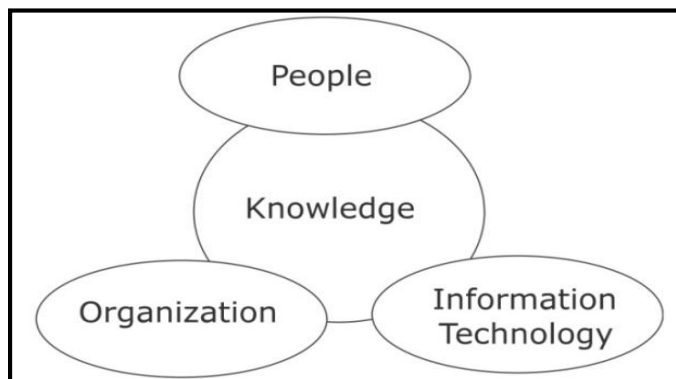
It can be considered as a message. It typically has a sender and a receiver. Information adds value to data. It surrounds the data with keys or clues to the data significance; there by making it usability is one of the key distinctions between data and information. Information is data placed in specific context or structured to yield order and meaning.

**Knowledge**

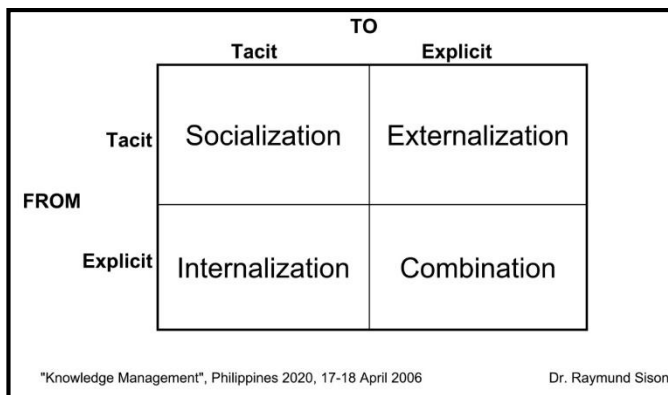
It might be described as information that has a use or purpose. Whereas information can be placed onto a computer, knowledge exists in the heads of people. Knowledge is information to which intent has been attached.



How Knowledge is formed



Focus of knowledge management



Organisational Knowledge Creation (Nonaka)

**9. Benefits of knowledge management**

- Provide a valuable vehicle for developing, sharing and managing specialist knowledge;
- Avoid reinventing the wheel;
- Cut across departmental boundaries and formal reporting lines;
- Can be more flexible than traditional reporting units;
- Generate new knowledge in response to problems and opportunities;
- Provide early warning of potential opportunities and threats;
- Can be vehicle for cultural change (creating a knowledge sharing culture);
- Are largely self-organising.

**Benefits for individual community members, including:**

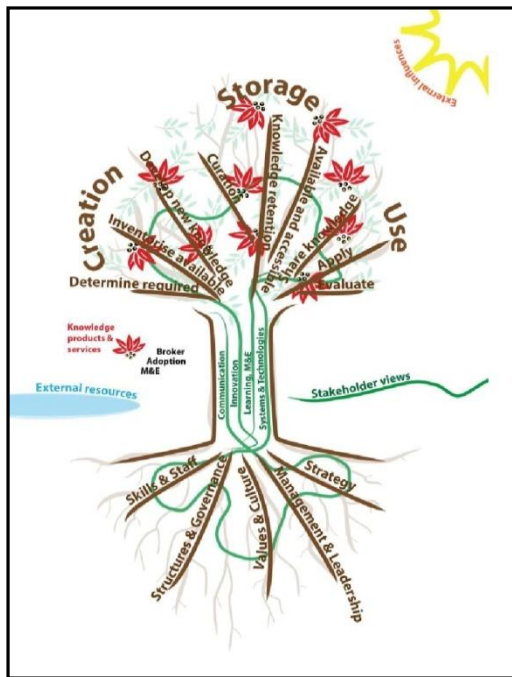
- having access to expert help to expand horizons, gain knowledge and seek help in addressing work challenges;
- members often feel more conscious of, and confident in, their own personal knowledge;
- provides a non-threatening forum to explore and test ideas or validate courses of action;
- Can foster a greater sense of professional commitment and enhance members' professional reputation.

**10. Myths about knowledge management in Indian Business**

1. Knowledge management is an end unto itself.
2. Knowledge management is just for professional services firms and other "intellectual" business.
3. Knowledge management just means hiring smart people.
4. Knowledge management means implementing expensive technology.
5. Knowledge management means creating huge, unwieldy, database.
6. Knowledge management is a "field of Dreams"---- just build it, and they will come.
7. A good chief knowledge officer drives good knowledge management.
8. Knowledge management is just for Americans.
9. Knowledge management is not like other good management practices and processes.
10. Knowledge management is a fashion.

**11. Integral KM develops and balances out five important dimensions of any knowledge intensive environment**

- ‘Root’ aspects like strategy, values & culture, structures & governance, management & leadership, and skills & staff;
- Knowledge processes like knowledge creation, storage and use;
- Enablers like communication, systems & technologies, learning and M&E, and internal innovation;
- Brokering, adoption and monitoring & evaluation of knowledge products & services;
- External factors like stakeholder’s participation, external influences and external resources.



The fundamental assumption behind this approach is that these five dimensions need to be looked at and worked on integrally. Optimising one dimension (like external service delivery) will not be fully successful if the other dimensions are not considered at the same time.

**12. Need of Knowledge Management**

The following are certain precise business aspects that produce the requirement for knowledge management in business organizations.

- Diminutions in staffing generating a requirement to replace informal knowledge with formal approaches.
- The extent of time available to experience and obtain knowledge has moderated.
- Primary retirements and growing flexibility of the work force lead to damage of knowledge.
- There is a requirement to manage growing difficulty as small operating companies are trans-national sourcing operations.
- Products and facilities are progressively complex, endowing them with an important information component.
- Markets are gradually competitive and the speed of innovation is increasing.
- Competitive compressions decrease the size of the work force that grasps valuable business knowledge.
- Maximum of our work is information based.

- Organizations strive on the basis of knowledge.
- Variations in strategic direction may consequence in the loss of knowledge in a precise area.
- The requirement for life-long wisdom is an inescapable reality.

The knowledge and information have become the medium in which business glitches occur. Thus, managing knowledge signifies the primary opportunity for achieving substantial savings, noteworthy improvements in human performance, and competitive benefit.

**13. Implementation of KM**

- Implementation of KM varies from company to company, country to country. It has to be localized to suit one's requirement.
- Planning is important and the organization must be willing to take the risk. KM practitioners should have management support and not over - promise. They should take things at a small scale and monitor the progress of the KM initiative. If any problems arise during this stage, they are easier to solve. Once it is stabilized, we should able to move to the next stage, where KM can be implemented organization wide. However, the plan will need to be revised continuously. Most importantly, knowledge management requires determination and perseverance
- KM practitioners should not expect immediate returns on KM investment. It may take several iterations of real input and measurable output and subsequent updates before a good KM system is in place.

**14. Conclusion**

Knowledge Management is a rapidly growing field with immense potential. Its initiatives are expanding across all types of organizations and companies worldwide.

A Knowledge Management program can be visualized as a new way of doing business, increased market shares and generate enormous future prospects for businesses, if it is implemented. A Knowledge Management program leads to revenue growth, improving competitive advantage and employee development.

As far as India is concerned knowledge Management is still preliminary stage. It has to cover a lot of ground to come up the level of knowledge management implementation. In India there is a need of national knowledge management concept to create and harness the knowledge of our own people and start creating and using our own software packages.

The aim of knowledge management is effective and efficient use of knowledge as vital resource in the era of knowledge economy. The challenge of management of modern enterprises is, therefore, defining, measuring, improving, evaluating and effective knowledge management.

KM focuses on knowledge processes – knowledge creation, acquisition, refinement, storage, transfer, sharing and utilization. These processes support organizational processes involving innovation, individual learning, collective learning and collaborative decision making.

**15. Scope for further Analysis**

This study has made an attempt to analyze the Importance’s, Concept, Need and limitations of Knowledge Management. However, no attempt has been made to make a comparative study of factors among the implementation of Knowledge

Management in Organisation level for its increase in organizational performance.

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