

The value of knowledge: the role of knowledge management and innovation

[Experience](#), [Human Nature](#)



Introduction

Knowledge is a powerful weapon for any institution, whether belonging to business, politics, social work or art. It plays a vital role in the functioning of any organisation, especially if the organisation is a business organisation seeking to take maximum advantage of the knowledge that it has collected and organised, making sure it is managed in a proper way.

Systematic organisation of knowledge ensures superiority of the firm over its competitors. The concept of knowledge management refers to modifying the present set of organisational processes so that the level of productivity as well as its outcomes can be enhanced. The key to knowledge management is to understand the value of every part of knowledge; the fast-moving business environment of today is entirely knowledge driven and dependent upon it. The knowledge outcomes of an organisation are not directly managed, integrated or created by the knowledge management but knowledge processes of the organisation are influenced by the knowledge management and also influence the knowledge outcomes (Firestone and McElory 2005).

The term innovation has its genesis from the Latin word “innovatio”, which means renew or change. Renewal or improvement in things is a form of innovation; it brings a change in existing things or brings entirely new things into the market, as the consequence of innovation is novelty. When an individual or unit of adoption perceives any idea, practice or object as new, it is known as innovation (Roger 1962). Innovation comes about when an individual attempts to change his thinking process and decision making

process and begins to think “ out of the box”. Innovation brings along a complete transformation and replaces old settings with new and better processes. Innovation can be introduced in various fields such as technology, engineering, sociology, business, design, and economics. Furthermore, innovation is brought about in these areas by identifying opportunities and taking the maximum advantages (Rogers 1962). Both innovation and knowledge management are heavily dependent on IT systems; no part of the organisation is untouched from the effect of technology. Hence, both these concepts have had to make themselves technology enabled; it turned into innovation and knowledge management systems.

Knowledge has been a matter of concern from a long period of time for scholars and researchers. The systematic development of the concept of knowledge management took place in last 15-20 years. This concept assumes that, just as human beings are not able to utilise the full potential of their brain, an organisation is also unable to fully utilise the available information; hence, the need of knowledge management arises (Geisler and Wickramasinghe 2009). By introducing knowledge management, an organisation can classify the knowledge into different categories such as confidential, important and moderate. On the basis of this classification, it can be distributed among the workforces, which in turn will utilise the knowledge for creating better outputs (Christensen 2003).

Organisational learning and knowledge management are complementary to each other. Organisational learning has been regarded as the way in which an organisation learns or adapts new things. In this concept, the organisation

uses some organisational theories and models that facilitate the process of its learning. Organisational learning seeks to apply knowledge and then develop or create outcomes based on this knowledge. Organisational learning has been regarded as the “ bridge between working and innovating.” Similarly to individuals, organisations also need to learn. This learning may come from past experiences or failures or from any other learning program. An organisation needs to learn to be competitive in the present environment (John 2002).

Organisational learning and knowledge management have an inter-relationship because an organisation can learn only with the help of knowledge. However, organisational learning is concerned with the processes whilst knowledge management is concerned with the content of knowledge obtained, created and processed by the organisation. In addition to this, the ultimate goal of knowledge management (KM) is to enhance organisational learning (OL). KM motivates the practices which create, distribute and apply the knowledge in real functioning because the organisation can achieve its goals and objectives by adopting such practices only. From this point of view, it can be said that with the help of organisational learning, an organisation can utilise available knowledge in a better way (Easterby-Smith, Araujo and Burgoyne 1999).

Organisational learning plays an important role in knowledge management. The importance of the concept of organisational learning is increasing gradually with the development of the technology. Technology itself is a part of knowledge and technological implication enhances the level of

organisational learning. In addition to the technology, human resources of an organisation are the biggest source of knowledge for the organisation. It is the human resource of any organisation, which learns and applies any knowledge and derives fruitful results. Thus, they learn and in turn the whole organisation learns something new and can find its competitive edge and contribute towards knowledge management (Easterby-Smith and Lyles 2005).

In this process, information and knowledge have a prominent role to play. It is only through the availability of the information and knowledge that an organisation guides its way towards organisational learning. The whole process of organisational learning starts with the procedure of collecting precious information about outside happenings so that it can formulate strategies accordingly. Information and knowledge facilitate the organisational learning by providing necessary information, which is essential to polish the learning capabilities of the organisation. When using the term 'organisational learning' then the artificial legal entity that is an organisation does not actually learn itself but its sub-parts, like the human resource and other processes learn and develop. Similarly, accumulation of accurate and timely information is necessary for the application of the knowledge in knowledge management (King 2009).

In knowledge management, it is necessary for an organisation to be aware of events that take place in its surroundings as well as in the far-fetched marketplaces. Knowledge management has become an integral part of the organisation because without the presence of well developed knowledge

management systems, organisations cannot create, disseminate and apply the knowledge. Sometimes, even the nuances of the information play an important role in its learning. In addition to the outside knowledge, an organisation should have knowledge about its inside functioning, without the knowledge of this aspect even best of the outside information will be of no use.

In addition to this, it is crucial for the organisation to be aware of the activities of its competitors. Even if the organisation market leader, it needs to have accurate knowledge about its competitors' move. If it is not concerned about the competitors' actions then its research and development department needs to be extraordinary so that it can be one step ahead from its competitors. However, it cannot be said for certain that having a potential R&D department would be enough for the organisation because its competitors are also striving for a competitive edge. In addition to this, the organisation needs to have knowledge about the technological changes, international trade and government's policies.

Knowledge has the power and value to change the organisation; hence, such critical issue needs to be managed. Even though the control function in managerial functions come at the end, it is crucial in managing knowledge. Control needs to be exercised on matters like how to use and disseminate knowledge. Control is not only exercised over the employees who have knowledge, but also on the employees who does not possess knowledge. In addition to this, the control function is necessary because of the manipulation and distortion of knowledge. Adequate knowledge control

ensures that knowledge is utilised in favour of the organisation and positively influences the organisational performance (Krogh and Roos 1996).

Furthermore, knowledge should be handled in a way that proves it is legitimate. Knowledge that does not have any relation within the organisational context is a waste of time and money. At times, knowledge can be false and may not possess the importance in an organisational context, which the knowledge manager claims. In such circumstances, knowledge managers should try to collect the accurate knowledge and avoid the unnecessary part. After acquiring the legitimate knowledge, it should be shared with all the employees of the organisation. Every employee on all levels of the firm should be provided with the necessary knowledge so that they can perform accordingly.

The business environment is highly dependent on I. T., computer-based systems play an important role in managing knowledge. Knowledge management system helps in the collection of data, classification, dissemination and utilisation of the information. With the help of internet, companies can collect information regarding latest innovations in the industry and accordingly update its process. Confidentiality is another important feature of knowledge management because all the information cannot be disseminated to every employee. Some of them are confidential in nature, which need to be kept secret. Such knowledge can be connected with new product launches for example, marketing strategy and so on (Krogh and Roos 1996).

There are seven main recent trends in the field of knowledge management. The latest trend among them is convergence which deals with the international management approaches in the field on knowledge. In this growing trend of knowledge management various approaches, practices and concepts if international organisations are clubbed together so as to gain maximum benefit from them. This trend has the view of introducing innovation in information and communication technology and in the consultative approach. This trend is mainly concerned with private sector, knowledge management experiments, social science, evolution of technology, civil society engagement and multi-stakeholder processes and so on (Creech 2005).

Another trend is related with transition i. e. it is developing through various stages. Knowledge management systems are related to creating, developing and dissemination. It provides the facility of knowledge mapping, storage and retrieval to the user. In this transition stage, now the knowledge management can establish direct interaction with the user and who wants to obtain knowledge as well as share the knowledge. Another emerging trend is knowledge mobilisation which influences the working of the organisation. Initially the focus was on establishing a network within the organisation, so that employees can share knowledge and take maximum benefit of this knowledge. Knowledge mobilisation explains that internal and external information should be integrated, so as to develop a new form of knowledge.

Along with these trends, social capital and social networks are also important trends. Social capital states that although one's knowledge is important, one

cannot avoid establishing social connections, which in turn will give them better knowledge. Social networks on the other hand, refer to how information is flowing through these relationships. In addition to this, open source is also one of the attractive trends of knowledge management. This trend states that in knowledge-based organisations, codes of knowledgeable programmes are open to all so that everyone has the potential to gain, hence its name 'open source'. Another trend is related with the collaboration of different modalities which is concerned with improving the quality of the knowledge. The last and most important trend is adaptive management which refers to adapt every change in the environment (Creech 2005).

Today's organisations are known as knowledge-based organisations because they cannot survive without having accurate knowledge about external and internal operations of the organisation. Knowledge is essential for success and beating competitors in difficult market conditions. A business starts with an idea and a valuable idea can only be conceived through good knowledge of surroundings. From the inception of a business, through to its processing and end of its life cycle, knowledge is necessary. With the help of knowledge, we rely on innovation to bring about the processes of the business. Without important knowledge about the business and its related elements, innovation cannot thrive within the organisation.

Innovation is the tool through which knowledge is utilised to create a new product and services which are desired by the customers. Innovation has been regarded as the intelligent combination of invention and

commercialisation because through innovation, a company earns money by offering totally new products to the market. Innovation is related with new knowledge which in turn may be related with market and technology. The technology sector has the most fast-changing process; as soon as a new product has been unleashed, something more advanced is ready to replace it. Components, linkage and processes altogether form technological knowledge. Market knowledge, on the other hand, relates to the knowledge of the customer's tastes and preferences and market dynamics.

Knowledge is not a chance relative to innovation, it is the meaningful information which provides a base for the creation of the innovation.

Knowledge is a combination of related information, experience and insight, which helps in developing new knowledge and experience. With the help of this new knowledge, new innovations are also created so as to enable the organisation with competitive advantage. In this process, knowledge management also plays an important role by learning from history to develop innovation. One of the important functions of knowledge management is sending the necessary information to the right person, so as to enable them in creating meaningful innovations (Popadiuk and Choo 2006).

Most of the companies motivate knowledge sharing among the employees so that they can have a good level of knowledge about the organisational goals and objectives and contribute towards them accordingly. With the rapid growth of competition in the business environment, business organisations are intensively searching for the strategies that can help them achieve

sustainable competitive advantage. These strategies need to be such that the firm can differentiate its products and services from the competitors and be innovative. In this context, a well formed knowledge management system helps the organisation to create knowledge and excel at the marketplace. Thus, knowledge and innovation have a strong and complex relationship because on one hand, it creates competitive advantage for the firm and it is not always necessary that it would create some miracle for the organisation on the other (Popadiuk and Choo 2006).

Knowledge management, organisational learning and innovations are key components of this paper. All of these components are necessary for the development of the organisation. Knowledge management is the key foundation for acquiring, managing and integrating knowledge for the purpose of the innovation. This enables the organisation to create a suitable basis for innovation. Innovation in turn is necessary for the sustainable competitive advantage. In this competitive business environment, no firm can survive without introducing constant innovations in the firm.

Organisational learning is related with the learning capabilities of the organisation as a whole. Thus, this paper can be concluded by saying that all three concepts entwined and are important for the organisation to gain and sustain competitive advantage.

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