

Effective knowledge management



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One definition says that Knowledge management is a newly emerging, interdisciplinary business model dealing with all aspects of knowledge within the context of the firm, including knowledge creation, codification, sharing, and how these activities promote learning and innovation (Gotcha 1999). In practice, KM encompasses both technological tools and organizational routines in overlapping parts.

In the information valued market, the successes of companies are significantly dependent on the adaptation and application of new and existing knowledge assets on the key business processes, as well as the decisions that are made based on facts about the current situation and information about past similar decisions. With the rapid expansion of the goods market, knowledge, as a form of intangible asset, is becoming the key factor in competitive differentiation in many sectors. Thus, the competitiveness of modern companies is dependent on the effective acquisition and utilization of knowledge.

Knowledge management is an important element for success in the modern organization. Much current research has focused on the implementation of IT infrastructures in creating an effective knowledge management system. However, literature has suggested a number of other factors which must be considered.

The results of an effective knowledge management system mean that the employees within an enterprise are able to access and apply knowledge to improve overall business performance. However, despite the huge

investment in computerized information infrastructure to improve the organizational performance and sharing of knowledge, many enterprises are not gaining a desired performance outcome (Lin, C et al. 2008). It is argued that the mere act of increasing IT investment do not ensure better business performance or distribution of information among employees. Furthermore, the distribution and coordinated use of knowledge is in itself a complex system within the social network of an organization. Researches believe that rather than focusing on a particular factor, such as the IT infrastructure, the successful implementation of knowledge management involves the coordination of people, technology and technique within an enterprise. It is evident that there are a number of causal links which must be considered in understanding how an enterprise can implement effective knowledge management. According to Lin, C et al, 2008, combination of information technology and personal drive to obtain knowledge within an organization is influencing the method and effectiveness of knowledge acquisition.

Nevo, D. (2003) states that survey on knowledge management practices (KPMG) found, 81% of the companies surveyed engaged in some knowledge management practices or initiatives, all using technology to support them. However, the KPMG survey also found that IT infrastructures often do not support effective knowledge management. The reason behind is said to be a lack of understanding of users' requirements from the technology. His findings show that IT tools are able to support many organizational knowledge management requirements. However, most tools cover a limited number of functionalities and organizations may need to incorporate several

tools to attain a general KM solution. This may cause difficulties in creating an integrated and efficient KM environment.

Another writer supports the findings of KPMG survey that not only IT tools for effective knowledge management are necessary but also right environment should be provided. According to Gupta, A. K. and Govindarajan, V. (2000), effective knowledge management depends not merely on information technology platforms but more broadly on the social ecology of an organization. Social ecology refers to the social system in which people operate. It drives an organization's formal and informal expectations of individuals.

Effective KM is dependent not only on the use of particular technologies but also on creating an environment which encourages and supports the sharing of knowledge and expertise directly between people. This requires sensitivity to both human/social factors in KM such as motivation as well to the character of the knowledge to be shared Hislop, D.(2005).

The misallocation of human or process-oriented resources such as skilled personnel, finance, and information and communication technology, can impact on creating an effective knowledge-sharing environment Riege, A. (2005). Providing an appropriate infrastructure and sufficient resources to facilitate sharing practices within and between functional areas is the basis of a successful KM program, but sharing practices are often doomed to fail before they begin due to the absence of basic infrastructure and sharing capabilities.

Another barrier that is often overlooked relates to company floor layout or spatial arrangements of work areas that commonly do not favour knowledge-sharing activities. Traditionally, offices and even departments tend to be arranged along hierarchies or management seniority rather than focusing on who needs to work together regularly and identifying which person benefits the most from the exchange of knowledge. In particular, for large companies with entities in distant geographical locations, there are real knowledge sharing obstacles because basic communication becomes more difficult and the creation of trust-based relationships is harder without face-to-face contact. The challenge is intensified further if cross-functional teams need to be formed and functional areas are located in different regions. As outlined later, IT systems such as groupware applications can enhance the convenience and effectiveness of sharing between spaces.

In brief, knowledge sharing has no real value to individuals and organisations unless those people who are in need of useful knowledge receive it, accept it, and also reapply it. One of the difficulties of theorising the practical results of most KM studies is that there is no general formula for a KM strategy that will work best for all companies, and there is no shortcut to introducing a to-do list of knowledge-sharing practices that will ensure success Riege, A. (2005).. All organisations need to take an equally hard look to ensure that the right knowledge is getting to the right people at the right time. The creation of a new or more effective sharing and learning environment does not necessarily mean an investment of large amounts of money. Formal and informal sharing networks already exist in most companies, and often it is a matter of building and expanding on those existing networks. Once up and

running, effective knowledge-sharing practices have the potential to give a company a sustainable competitive advantage that is difficult to imitate for their competitors.

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