

# The current nedgroup life environment business essay

[Business](#)



**ASSIGN  
BUSTER**

## 1. Introduction

As the life assurance division of Nedbank, Nedgroup Life is a critical part of the bancassurance leg of the bank. From past financial results it is obvious that Nedgroup Life has a proven track record and contributes substantially to the bank's bottom line. These successes can be attributed to its suite of legacy products, backed by efficient processes. But with the rapidly changing environment, how does Nedgroup Life continue to sustain this success? The answer lies in the way it manages its key resource – namely knowledge. Recent research suggests that in order for an organisation to be successful, and to sustain that success, it needs to have an appropriate knowledge management strategy in place. According to Zack (???), 'Business organizations are coming to view knowledge as their most valuable and strategic resource. They are realising that to remain competitive they must explicitly manage their intellectual resources and capabilities'.

## 2. What is knowledge?

Before venturing on to the topic of knowledge management, we need to take a brief look at the definition of knowledge. Knowledge can be defined as 'information in action' (O'Dell and Hubert 2011, p8). Knowledge is information or data that is represented in such a way that it has meaning and creates value. There are two types of knowledge: 2. 1 Explicit knowledge This is knowledge which can be captured on to some form of physical medium, like paper or a computer database. O'Toole (2011, p. 12) describes explicit knowledge as knowledge that is easily codifiable, and tacit knowledge to be that which is not codified. This form of knowledge can easily be transferred

from one person to another. Explicit knowledge (also known as formal or codified knowledge) comes in the form of documents, formulas, contracts, process diagrams, manuals, and so on. Explicit knowledge may not be useful without the context provided by experience (O'Dell, Hubert 2011).

## 2. 2 Tacit knowledge

This is knowledge which is intangible. Tacit knowledge is deemed to be that which is not codified. That is, it is knowledge which cannot be written down or captured. Once the knowledge has been captured and written down, it becomes explicit knowledge. Tacit knowledge has sometimes been described as being "difficult, if not impossible, to transfer" (Burton-Jones, 1999, p. 7). Tacit knowledge (also known as informal or uncoded knowledge), by contrast, is what you know or believe from experience. It can be found in interactions with employees and customers. Tacit knowledge is hard to catalog, highly experiential, difficult to document, and ephemeral. It is also the basis for judgment and informed action experience (O'Dell, Hubert 2011).

### knowledge management (strategy? Initiative?)

that is aligned with the business strategy. Does Nedgroup Life have an established and successful knowledge management strategy in place? And if so, what type of knowledge management methodology or strategy is being used? We will explore this question by analysing the current Nedgroup Life workplace environment so that the appropriate knowledge management strategy may be implemented.) OR (To answer this, an analysis of the current Nedgroup Life workplace environment is required so that the appropriate knowledge management strategy may be implemented). Before doing this, it is important to look at what strategies are available and which will be applicable to the Nedgroup Life environment.

According to Hansen, Nohria, and Tierney (1999), there are two different knowledge management strategies that may be used by an organisation – namely the codification strategy and the personalisation strategy. This essay will (justify? Show?) that it is necessary to adopt a combination of both strategies, which will ensure a successful knowledge management implementation. One of the strategies is known as the codification strategy and centers on the computer. This strategy refers to knowledge deals with the notion of knowledge being stored in a form of computer-related electronic, such as a database. Codified knowledge is also knowledge that can be written down, but for the sake of this essay, codified knowledge medium such as physical medium identified two main approaches/strategies to implement a knowledge management initiative – namely the codification or technology-centric approach and the personalisation or process-centric approach.

### **3. A look at the strategies**

3. 1 Codification strategy Hansen et. al. (1999) describe this strategy as one which centers on the computer. Knowledge is carefully codified and stored in databases, where it can be accessed and used easily by anyone. Hansen et. al. (1999) uses words such as '????'(Hence this strategy relates to an environment where a high percentage of the knowledge pertaining to the organization's products and processes has already been recorded or written down. There is thus a form of standardization, and the company (excels? succeeds? Continues to operate?) by providing a tried and tested solution. 3. 2 Personalisation strategy Hansen et. al. (1999) describes this strategy as one which uses knowledge that is closely tied to the person who developed it.

<https://assignbuster.com/the-current-nedgroup-life-environment-business-essay/>

This knowledge is shared mainly through direct person-to-person contact. In a nutshell, the codification strategy deals with explicit knowledge; whereas the personalisation strategy deals with tacit knowledge. 3. 3 The limitations of exclusively focusing on either approach Hansen et. al. (1999) clearly demonstrate the limitations of focussing on one approach using the example of the library set up by the consulting firm Bain i. e. the codification strategy. This approach was obviously not conducive to the environment, which led to a loss of time and money.

#### **4. The current Nedgroup Life environment and choice of strategy**

The past and current (ongoing? Continual? ) success of Nedgroup Life has primarily been due to its product offering in the marketplace. Historically, Nedgroup Life has offered standard life assurance and credit protection products. These products did not differ much in terms of variation and innovation, and the primary differentiation was that these products were classified into two main streams, namely risk or credit protection. The successes that these products brought for Nedgroup Life were based more on the pace at which new variations of the existing products were introduced and sold in the market, as well as the volume of sales that emanated from these products. Clearly at this stage, the knowledge management strategy, although not formal, was geared significantly more towards a codification approach. However in the past five years, Nedgroup Life moved from being a Joint Venture between Nedbank and Old Mutual to being wholly owned by Nedbank. Nedgroup Life was thus given the mandate to focus more on product innovation, and thus adopt an approach more geared towards a

personalisation strategy. Nedgroup Life currently does not have a formal knowledge management model or strategy in place. If anything, it employs a mixture of the two strategies, which is largely dependent on the business unit. Nedgroup Life strives in its strategy of introducing new, innovative products to the market. For this reason, Nedgroup Life is currently undergoing a complete overhaul of its IT platform. This project is estimated to be complete by 2015. This is therefore the ideal opportunity for Nedgroup Life to review its current knowledge management processes, with the goal of implementing an appropriate knowledge management strategy that will take the business forward into the future. There are still some business units that focus primarily on the codification approach, but the overall strategy that spans across all divisions and business units, is one of personalisation. 4.

1People/corporate cultureOver the last five years, Nedgroup Life has endeavoured to promote a culture of: Work-Life balanceBuilding relationships

**????**

There is now a significant focus on the wellbeing of employees. There are 40-minute sessions held once a week (every Wednesday) which focuses on wellbeing. Employees are encouraged to sit quietly in the reading area to read a book, or participate in speed-walking or yoga sessions. Once a month in these sessions, a representative from senior management will give a talk on the general goings-on within the business. These are all means to promote collaboration and knowledge sharing. 4. 2KM processesKnowledge sharing tends to take place at a business unit level, as each business unit is specialised in terms of the service and function during the lifecycle of a life

<https://assignbuster.com/the-current-nedgroup-life-environment-business-essay/>

assurance product. 4. 3TechnologyNedgroup Life leverages primarily off the Nedbank technology infrastructure. This has made it difficult to establish a technology-centric approach to knowledge management. Nedgroup Life also uses a file server to store information and documents per department. The file server has become the primary area for storing4. 4StrategyAs mentioned earlier, Nedgroup Life does not have a formal knowledge management strategy. Just from the way Nedgroup Life conducts its business, there is a hint of one of the knowledge management strategies. In the example of Nedgroup Life, it definitely seems to be the case of the business strategy dictating the knowledge management strategy, without the business even knowing it. With Nedgroup Life's recent introduction of a world-class innovative product, it has becoming necessary for ' bump up' training of all staff members, so that they are well equipped to understand, as well as deal with any intervention they may have when it comes to these products. The trainers are well-knowledge on the products and are therefore using the training sessions to impart tacit knowledge.

## **5. Conclusion**

It is (evident?) from the above, as well as from the references to other literature, that Nedgroup Life is more likely to meet its strategic objectives by employing a combination of both strategies. The difficulty lies in deciding on the best possible ratio or mix of each strategy. Based on the above, the recommendation would be for Nedgroup Life to follow an 80% personalisation strategy with a 20% codification strategy.