

# Challenges caused by the knowledge economy



**ASSIGN  
BUSTER**

**With reference to the concept of the corporate curriculum, how far do you consider an organisation with which you are familiar to be meeting the challenges presented by the knowledge economy?**

Introduction:

With the emergence of the new knowledge-based economy, organisations are slowly starting to see a new need to apply knowledge management practices and principles to their corporate curriculum.

In today's competitive landscape, organisations must develop different capabilities and strategies in order to meet the demands of the knowledge economy. In order to do this, firms must be able to effectively deploy, utilize and manage knowledge. Knowledge management can be harnessed to foster learning in the organisation. It is also important to identify and use knowledge through strategic capabilities, knowledge productivity, and corporate curriculum.

Managers of today should think critically about the use of learning and knowledge processes in order to be successful. Increasing globalization, continuous improvements in technology and growing competitiveness of the different industries around the world are just some of the pressures which are forcing some organisations to streamline their business processes and utilize not only their traditional and competitive resources but also their collective knowledge.

Every organisation survives in an atmosphere that conditions the way the organisation carries out its business. There are business drivers that have

<https://assignbuster.com/challenges-caused-by-the-knowledge-economy/>

influenced how organisations behave towards knowledge management. The airline industry as a member of the professional services sector recognizes knowledge as a product, people as primary source, mobile workforce and mergers are some of its key business drivers (Abel and Oxbrow, 2001).

### Learning and Knowledge Management

There are many ways to define knowledge management as much as there are a lot of approaches to implementing it and using it. In the context of learning, Alavi and Leidner (2001) describe knowledge management as a dynamic and continuous organisational phenomenon that involves distinct but interdependent processes of knowledge creation, knowledge retrieval, knowledge transfer, and knowledge application. Ponniah (2001, p. 54) defines knowledge management as a systematic process for capturing, integrating, organizing, and communicating knowledge accumulated by employees. He further describes it as a vehicle to share corporate knowledge so that employees may be more effective and be productive in their work.

In every organisation, innovation or learning occurs as a result of the flow and transformation of knowledge and other intellectual assets. Accordingly, innovation, whether reorientation or variation, is a reflection of the internal organisational positioning of the firm's innovative unit, the character of technological interdependencies in a particular innovation, and the character of knowledge and technological interdependencies (Goodman and Lawless, p. 240). According to Andreu and Sieber (2001, p. 61), differences in knowledge led to differences in learning. For organisations, it is important to have a clear idea about what types of knowledge are present in individuals

within the organisation. It is also important for organisations to incorporate relevant knowledge from the environment so that they are capable of offering to potential clients whatever becomes standard in the marketplace. Nonaka (1991) says there is another way to think about knowledge and its role in business organisations. He cites as examples some Japanese companies like Honda, Canon, and Sharp. He says that managers of these firms tap on the tacit and often highly subjective insights of employees which often results to a spiral of knowledge at continuing higher levels and it is not simply the processing of factual information. As organisations grow, the level of learning and the quality of knowledge becomes more important and critical to the business inputs and processes. Andreu and Sieber (2001) support this fact by saying that it is the interaction of individuals in a group and therefore the collective character of work in organisations that gave rise to the concept of organisational learning. It is also through organisational learning that organisations are beginning to see the impact of using intellectual assets as another means to fight their way out of the doldrums.

### Challenges of the Knowledge Economy

The information age is marked by the rise of mass customization, dynamic processes, virtual organisations, and a whole set of new practices and administrative structures enabled by global communications and information systems (Meadows et al, p. 38). The essential resources to consider in today's knowledge economy therefore are knowledge, labor, and organisational capabilities (Meadows et al).

In an economy that is becoming increasingly driven by new shifts in technology and competition, it is no longer possible for traditional organisations and industries of today to concentrate on their static assets. They must constantly move their resources and adjust to certain communications structures, management practices, personnel development, and sales and marketing strategies. The increasing rates of change, increasing global competition, a more diverse workforce, a more demanding and satisfaction-conscious customers are just some of the challenges that organisations are facing today as they make a transformation from an industrial organisation to a knowledge-based organisation. The greater challenge however lies on how to use knowledge in order to bring out innovative ideas and create more value for the organisation and trigger product and services differentiation.

### The Corporate Curriculum

For an organisation to meet the challenges presented by the knowledge economy, learning and development should be incorporated in the overall corporate plan and business process. The organisation must adopt a corporate culture which integrates the transformation of the organisation using the available intellectual and the internal and external knowledge assets with the corporate development process.

Formalized training programs should include a corporate curriculum plan match with the prevailing job and managerial skills of individual members of the organisation to the needs of the entire organisation. It should also provide an avenue for knowledge and the entire learning processes to

flourish and help the organisation sustain its competitive edge. There should be programs for enhancing the strategic communication which would guide managers and employees on the how to communicate the mission-vision and the corporate strategy to different levels and departments of the organisation. It should also be able to skillfully impart its mission-vision and guiding principles to its members and clients as well. Programs should also showcase the effective management skills which come with the recruitment and selection process of employees, encouraging motivation, giving due and just compensation, providing coaching and training programs, and enhancing the performance management. Using human resources and learning methods for knowledge management purposes include knowledge management awareness and development of a knowledge sharing attitude and skills as part of a corporate curriculum (Efimova and Swaak). Leadership and personal development should be able to help define the dynamic character of a leader and enhance leadership styles and approaches suitable for the organisation and its environment. It should also help enhance team building activities and help and empower members of the organisation to take charge of their own career development. Sales and Marketing courses should help improve the negotiating and selling skills and market analysis and planning skills as well. Service Excellence should be able to make changes to certain strategies in order to improve customer satisfaction and allow room for a creative problem solving strategy.

In this paper, Singapore Airlines (SIA) was chosen as the organisation of choice because the company operates in an emerging economy of Asia which offers an ideal situation in which to discuss the challenges

encountered in an evolving knowledge economy. The company is also recognized as an innovation-based organisation that places strong emphasis on value creation through knowledge (Goh, 2005).

### Strategic Communication

Large organisations like SIA take into account the importance of having good communication strategies in order to bring their messages across their members located in different cities and subsidiaries around the world.

Kaufman says that SIA publishes a variety of newsletters and company-wide magazines on top of having regular dialogue sessions between management and staff. New suggestions are constantly heard and put forward in different business meetings which was then called Staff ideas in Action (Kaufman).

This scheme ensures that feedback from front-line workers was taken into consideration when improving the delivery of services and products. Internal staff communication and information dissemination with employees is also encouraged through a variety of regular departmental meetings (Goh, 2005).

These meetings provide the forum for further evaluation of sales, yields and customer satisfaction levels. Goh (2005) adds that over the years, SIA's technology strategy has involved huge investments in many state-of-the-art technologies In order to strengthen its knowledge networks for predicting the demand and supply of airline seats. SIA deemed it important to use networked knowledge resource as a vital asset in optimizing the allocation of airline seats more effectively. If this networked knowledge is well managed, they are a good influence for pursuing further innovation based on superior performance. Knowledge is therefore best viewed as the catalyst for exploring innovative ideas which occur between and within organisations at

<https://assignbuster.com/challenges-caused-by-the-knowledge-economy/>

knowledge exchanges due to stepped up transfer between knowledge communities. Nonaka (1991) therefore says that managing the knowledge-creating company requires the building of overlapping company information, business activities, and managerial responsibilities which encourages further communication and helps create a common ground for the transfer of open knowledge. In order to innovate effectively, organisations like SIA should also adopt knowledge management practices based on a collaborative knowledge strategy through symbiotic relationships by knowledge sharing. Today's knowledge-based environments require the assimilation of knowledge from diverse disciplines which can be drawn from a variety of fields of expertise. This often results to superior innovative products and practices.

In a highly competitive environment such as the airline industry, success generally means that the provision of products and services before ticket purchase and after passenger arrival must be taken seriously. If we are to consider how SIA innovates on its strategic communication process, it is worth noting that SIA management greatly understands the value of constant feedback and the establishment of open communication channels with customers at all times, in any place, and in any situation as the best way to improve on its corporate competitiveness. SIA makes an intensive effort to stay in touch with customers by listening to hidden wants and needs and ensure rapid response to customer complaints.

### Effective Management Skills

SIA is constantly challenged from almost all fronts. Even though its business model is often an envy of other industry players, there's still a lot of room for

improvement. In here, SIA must respond by continuously creating new value for the market it serves. It has recently moved from resource allocation of physical assets towards the pursuit of knowledge innovation. This move has enhanced corporate competitiveness by using knowledge together with scientific, technological, organisational, and managerial assets.

Managing knowledge is basically managing people (Goh, 2005). It must be made clear however that people-centered priorities are most crucial in a successful knowledge-based enterprise. Machines and technology are often proficient in gathering and performing information tasks. People are more involved in knowledge tasks. It is said that people are the real intelligent agents in knowledge management solutions regardless of how powerful and advanced the technology may be. People are the ones who can identify, assess, analyse, and act upon opportunities for learning brought about by the acquisition of new knowledge in order to help sustain the organisation.

Kaufman says that training and other educational programs at SIA are not one-time affairs. SIA recognizes the changing customer expectations and the complexity in handling daily customer contacts can be an exhausting experience.

One of SIA's competitive advantages has been its total commitment to talent. SIA's consistency in its training programs allows it to surge ahead in service quality (even during economic slumps) when its competitors are cutting back on training costs. It also demonstrates to all its members that continuous learning and improvement are essential principles for success, and not just for add-ons. Compared to the current industry standards, SIA

goes to extraordinary lengths to attract, develop, and retain the best people by recognizing that only people who are trained with the right technological tools can intelligently assemble, interpret, and utilize knowledge for the purpose of servicing the advancement of the organisation's innovation goals. Kleiman (1999) contends that training practices and skills development illustrates the commitment of management to constantly improve the skills of its personnel. By investing and incorporating these programs within the overall corporate curriculum, employees do not only get to have an avenue for career development and improve their skills and knowledge. They also bring in different forms of information and expertise (and knowledge) which can be potent weapons by the company in maintaining its competitive advantage.

People are motivated to grow for a lot of reasons. First, it augments a person's human capital and labor market position. Second, it aligns the growth with deeper personal intrinsic motives (Wijnhoven, p. 303). According to Wheatley (2000, p. 6), human needs and motivation lead us naturally to create knowledge. Studies confirm that people want their work to provide growth, recognition, meaning, and good relationships. We want our lives to mean something, we want to make contributions to society and to other people, and we want to continually learn and improve our skills. Inducing people to work in new ways for quality and innovation may also involve overcoming past habits, values, beliefs, and identity (Michela and Warner Burke, p. 234).

Skyrme (2000, p. 78) discovers that many companies do not reward people for sharing information. Management consultancies now include people's

<https://assignbuster.com/challenges-caused-by-the-knowledge-economy/>

contribution to their knowledge bases as part of their performance and salary review. At SIA, excellent staff performance is rewarded with increased pay and position. Individual innovation on how to respond to unique customer situations with exceptionally positive, innovative, or selfless acts of service is added knowledge to the company and is also aptly rewarded with increased pay and position. By empowering their employees and supporting decentralization of decision making and broader workforce participation, employees are usually given prominent roles in running the business. It also encourages greater responsibility for individual and group actions on decisions they make.

### Leadership and Personal Development

Management suggests custodianship, control and a concentration on managing resources that already exist. According to Skyrme (2000), a better term for knowledge management is knowledge leadership. It is more about constant development and innovation of information resources and of knowledge and learning networks. It embraces both the sharing of what is known, and innovation which are the two thrusts of a knowledge-enhanced strategy.

Successful knowledge innovations are not characterized by instruction-centered production tasks, and corporate leaders should reduce top-down structures that hinder productive knowledge processes (Goh, 2005). The traditional hierarchy structure and style of management is often seen as detrimental to a knowledge generating culture. In SIA's management hierarchy, managers always have time to listen to employee feedbacks and

these feedbacks are valued at every level of the hierarchy. In the concept of a knowledge-based economy, everybody is considered a knowledge worker (Wheatley, 2000). If everybody is assumed to be creating knowledge, then the organisation has a responsibility to provide open access to information to everyone. It is therefore assumed that knowledge will be found everywhere in the organisation, not just in a few places or levels of the organisation.

At SIA, the staff is regularly evaluated for performance and potential (Kaufman). Senior managers are frequently rotated within the top positions of the company. The management team is described as having a shared understanding of the big picture due to the great breadth and depth of their experience and reach within the company. Collaboration and team building is closely evidenced by the fact that SIA's products, services, and solutions are heavily invested in order to foster a strong knowledge-sharing culture (Goh, 2005). The introduction of web-based technologies and a company-wide focus on developing team-based competencies to improve the company's capabilities in knowledge collaboration also support the personal development of the organisation.

### Sales and Marketing

According to Kaufman, SIA keeps track of their competitors' progress closely while keeping an open eye for new ways to improve and grow. Whenever other service industries (like hotels, banks, and restaurants) take steps forward in their amenities and comfort, SIA takes the initiative to analyse and study innovative ways in which it can leverage and adopt these existing opportunities for their customers' satisfaction. To address customer

demands, SIA developed a quarterly Service Performance Index that provides a consolidation of statistics relating to customer service (Goh, 2005). This index is closely monitored globally and benchmarked against the service standards of leading airline competitors in the Asian region. SIA also undertakes an environmental scan on consumer trends of competitors and other similar services.

### Service Excellence

In a new knowledge-based economy, clients are more informed and more perceptive and sensitive of their needs and wants. To ensure that these clients' new needs are met, knowledge-based organisations should be more customer-centric. At SIA, its strategic centerpiece is on ensuring that customer get the best deal and value on every deal that it makes with its stakeholders.

### Conclusion:

The success of knowledge innovation depends on members of the organisation who utilized the knowledge and not the knowledge itself. In order for an organisation to succeed and sustain its competitive advantage, organisations should have a formal and knowledge-friendly environment where it can promote and cultivate a knowledge-oriented culture and knowledge-driven management and personnel programs. Singapore Airlines is known as one of the best airlines in the world in terms of customer satisfaction and ability to weather the onslaught of new competitors. In general, SIA is faring much better than its competitors because it has consistently aligned its strategic goals and innovation investments with a <https://assignbuster.com/challenges-caused-by-the-knowledge-economy/>

collaborative knowledge strategy. SIA's technology strategy involved modern technology to strengthen its knowledge network. It has a people-centered philosophy by training and developing its people in order to have knowledge workers in their ranks. SIA's hierarchical management style is structured to encourage and value feedback from different levels of the organisation. To meet the challenges of knowledge economy, SIA's corporate curriculum offer a wide range of inspiring and demanding educational programs that continually motivate, upgrade, and improve their employees' and managers' performance. The main reason why SIA has continually flown on both wings on the sky is that it has found good ways and means of using an intangible asset in the form of knowledge to fuel their drive towards customer service perfection.

## Bibliography

- Abel, A and OxBrow, N (2001), *Competing with Knowledge*, Library Association Publishing, London.
- Garvey, B and Williamson, B (2002), *Beyond Knowledge Management: Dialogue, Creativity, and the Corporate Curriculum*, Pearson Education, Harlo, UK.
- Goodman, R and Lawless, M (1994), *Technology and Strategy: Conceptual Models and Diagnostics*, Oxford University Press, New York.
- Kleiman, L (1999), *Human Resource Management: A Managerial Tool for Competitive Advantage*, 2nd edn.
- Ponniah, Paulraj (2001), *Data Warehousing Fundamentals*, John Wiley and Sons, Canada.

- Andreu, R and Sieber, S (2001), ' Organisational Learning and Knowledge Management: Where is the link?', Malhotra, Y (ed), Knowledge Management and Business Model Innovation, Idea Group Publishing, London.
- Meadows, C et al (2001), ' Building a Competitive Advantage in the Knowledge Economy', Malhotra, Y (ed), Knowledge Management and Business Model Innovation, Idea Group Publishing, London.
- Michela, J and Warner Burke W (2001), ' Organisational Culture and Climate in Transformations for Quality and Innovation', Ashkanasy, N et al (eds), Handbook of Organisational Culture and Climate, Sage Publication, London.
- Skyrme, D (2000), ' Developing a Knowledge Strategy: From Management to Leadership', Morey, D et al (eds), Knowledge Management: Classic and Contemporary Works, MIT Press, London.
- Wijnhoven, F (2001), ' A Framework for Stakeholder-Based Knowledge Valuation in Organisations,' Malhotra, Y (ed) Knowledge Management and Business Model Innovation, Idea Group Publishing, London.
- Efimova, L and Swaak, J (2003), ' Converging Knowledge Management , Training, and e-Learning: Scenarios to make it work: ' Proceedings of I-Know '03, Graz, Austria, July 2-4, 2003, Retrieved: February 21, 2006 from i-Know-center online database.
- Kaufman, Ron (n. d), ' How Does Singapore Airlines Fly So High?' Retrieved last February 21, 2006 from Abel, A and OxBrow, N (2001), Competing with Knowledge, Library Association Publishing, London.