
EFFECTIVE KNOWLEDGE MANAGEMENT – A TOOL FOR BUSINESS ORGANISATION SURVIVAL

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Abstract

Most Nigerian small and medium business organization collapses at the death, resignation of one or few persons. This is not far from the fact that such persons monopolized or hoarded their expert knowledge, which was not imparted on others. The focus of this paper is on effective knowledge management with emphasis on types of knowledge, approaches and significance of knowledge management. The paper reveals that a successful company is a knowledge creating company and stressed that the competitive advantage of an organization over her competitors is not in the asset but is in the people who manipulate the assets. Problems associated with mismanagement of knowledge were highlighted and recommendations were made as to how knowledge management can make the business a "learning organization" and how it can help it survive the competitive business environment.

As the foundation of industrialised economies has shifted from natural resources to intellectual assets, executives have been compelled to examine the knowledge underlying their business and how the knowledge is used for exceptional performance. To manage is to forecast and plan, to organize, to command, to coordinate and to control. This definition is limited by its generality. It does not tell us what managers need to know or do in order to be able to carry out the functions described. In recent years, there has been an emphasis on examining what managers actually do in practice. This approach has led to other development, where attempts have been made to identify specific areas of knowledge and skill in managerial positions.

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Knowledge Management (KM) is based on the premise that, just as human beings are unable to draw on the full potential of their brains, organizations are generally not able to fully utilize the knowledge possessed by individual employees as well as that which exists collectively within the organization. Through Knowledge Management, organizations seek to acquire or create potentially useful knowledge and to make it available to those who can use it at a time and place that is appropriate for them to achieve maximum usage and maximal impact on organizational performance. It is generally believed that if an organization can increase effective knowledge utilization by only a small percentage, great benefits will result.

Knowledge Management is the planning, organizing, motivating and controlling of people processes and systems in the organization to ensure that its knowledge-related assets are continuously improved and effectively employed. Knowledge-related assets include knowledge in the form of pretense documents such as patents and manuals, knowledge stored in electronic repositories such as a “best-practices database, employees knowledge about the best way to do their jobs, knowledge that is embedded in the organization’s products, processes and relationships.

The process of Knowledge Management involves knowledge acquisition, creation, refinement, storage, transfer, sharing and utilization.

The specific goals of Knowledge Management are the leveraging and improvement of the organization’s knowledge assets to effectual better knowledge practices, improved organizational behaviours, better decisions and improved organizational performance.

Hornby (2000) defined knowledge as the information, understanding and skills that you gain through education or experience. Knowledge is an element of intellectual capital i.e. intellectual capital consists of the stocks and flows of knowledge available to an organization. These can be regarded as intangible resources which together with tangible resources, (money and physical assets) comprise the market or total value of a business. It can also be regarded as knowledge technology. Knowledge technology is the actual methods, systems and procedures involved in carrying out the work of the organization and transforming or converting inputs into outputs (Mullins, 1998).

"Knowledge is power" and. power is an important fact of organizational life. This is expert power. Managers who use their expert power with self-control will be more effective than those who wield power to satisfy a need to dominate others or those who refuse to use their power out of a strong need to be liked. Good managers exercise

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expert power with restraint on behalf of -others. Such managers encourage team spirit, support employees and reward their achievements, thereby raising morale. Knowledge or expert power is not limited to managers - all members of an organization can have a great deal of power because of their knowledge, their skills or resources they control, e.g. sales associates have power because they are the people in position to satisfy customers.

In a hospital, experienced nurses have some power, because they can impede or improve a manager's work flow. As people rely more and more on computers, employees with computer skills can exercise increasing influence over an organization's day -to-day activities. How then can knowledge been managed in an organization to result in achieving more and above set objectives, goals and standards (exceptional performance).

Armstrong, (2004) noted that "Knowledge is multifaceted and complex Being both situated and abstract, implicit and explicit, distributed and individuals,, physical and mental, developing and static, verbal and encoded. Knowledge can be categorized as follows:

Knowledge embedded in technologies, rules and organizational procedures. Knowledge encountered as collective understandings, stories, values and beliefs. Knowledge embodied into the practical activity - based competencies and skills of key members of the organization (i.e. practical knowledge or know -how). Knowledge embraced as the conceptual understanding and cognitive skills of key members (i.e conceptual knowledge or "know - how").

Nonaka, (1998) suggested that knowledge is held either by individuals or collectively. Embodied or embraced knowledge is individual and embedded and cultural knowledge can emerge from collective experience of work and is shared between members of a particular group or community.

It is important to distinguish between data, information and knowledge. Data consists of the basic facts the building blocks for information and knowledge. Information is data that have been processed in a way which is meaningful to individuals. It is available to anyone entitled to gain access to it. Information is data endowed with meaning and purpose.

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Knowledge is information put to productive use, it is personal and often intangible and it can be elusive - the task of tying it down, recoding it and distributing it is tricky.

The quality of finished products and services in most Nigerian organizations today, deteriorates in a geometric rate. Most small and medium size businesses disappear or are closed down continuously not necessarily because of lack of capital but the few hands who had the expert knowledge are called to glory or had found a greener pasture. The unanswered questions are: Are those who have for one reason or the other left these organizations born with this expert knowledge? As at the time, they were still in the organization, was the expert knowledge, a variable of monopoly?

Types of Knowledge

Knowledge is either explicit or tacit. Explicit knowledge can be codified, it is recorded and available and is held in data bases, in co-operate intranets and intellectual property portfolios (collection of people's contribution in different works of life).

Tacit knowledge exists in people's minds; it is difficult to articulate in writing and is acquired through personal experience. It includes scientific or technological expertise, operational know-how, insights about an industry and business judgment. The main challenge in knowledge management is how to turn tacit knowledge into explicit knowledge.

Knowledge as an Index of Company's Competence

A company's competencies are normally bundles of skills, knowledge, resources and technologies. It is a product of experience, representing an accumulation of learning overtime and the buildup overtime of real proficiency. A company's competence originates with deliberate efforts to develop the organizational ability to do something, however in perfectly or inefficiently such efforts entail selecting people with the requisite knowledge and skills, upgrading or expending individual abilities as needed and then molding efforts, and work products of individuals into a cooperative group effort to create organizational ability.

Examples of competencies include skills in merchandising and product display, the ability to create attractive and easy to use website, expertise in a specific technology, proven ability to select good locations for retail outlets, skills in working with customers on new applications and uses of the product and expertise in just in time inventory management practices,

Knowledge as Organization Competitive Advantage

Most often, a company's core competence resides in its people and in its intellectual capacity, not in its assets on the balance sheet. Knowledge and intellectual capital, more than physical assets and tangible organizational resources, are the key ingredients of a core competence and a firm's competitive capability.

A company's competence becomes a meaningful competitive capability when customers deem the competence valuable and beneficial, when it helps differentiate a company from its competitors and when it enhances its competitiveness.

Differences in company resources accounts for why some companies are more profitable and more competitively successful than others. A company's success is more certain when it has appropriate and ample resources with which to compete and especially when it has a valuable strength, asset, capability or achievement with the potentials to produce competitive advantage.

The Concept of Knowledge Management

Knowledge management is as much if not more concerned with people and how they acquire, exchange and disseminate knowledge as it is about information technology. (Nohria & Tieney, 1999). Knowledge management is about storing and sharing the understanding and expertise accumulated in an organization about its processes, techniques and operations. For hundreds of years, owners of family businesses have passed on their commercial wisdom, to children, master craftsmen have painstakingly taught their trades to apprentices and workers have exchanged ideas and know-how on the job. Knowledge management "is any process or practice of creation, acquiring, capturing, sharing and using knowledge, whenever it resides, to enhance learning and performance in organizations". It focuses on the development of firm - specific knowledge and skills that are the result of organizational learning, processes. Knowledge management is concerned with both stocks and flows of knowledge. Knowledge management has also been defined as "The process of systematically and actively managing and leveraging the stores of knowledge in an organization." (Mullins, 1998).

Knowledge management involves transforming knowledge resource by identifying relevant information and then disseminating it so that learning can take place.

Knowledge management strategies 'promote the sharing of knowledge by linking people, with people and by linking them to information so that they learn from documented experiences.

Knowledge can be stored in data-banks and found in presentations, reports, libraries, policy documents and manual. It can be moved around the organization through information systems and by traditional methods such as meetings, workshops, courses, written publications, videos and tapes. The intranet provides effective medium for communicating knowledge.

Purpose and Significance of Knowledge Management

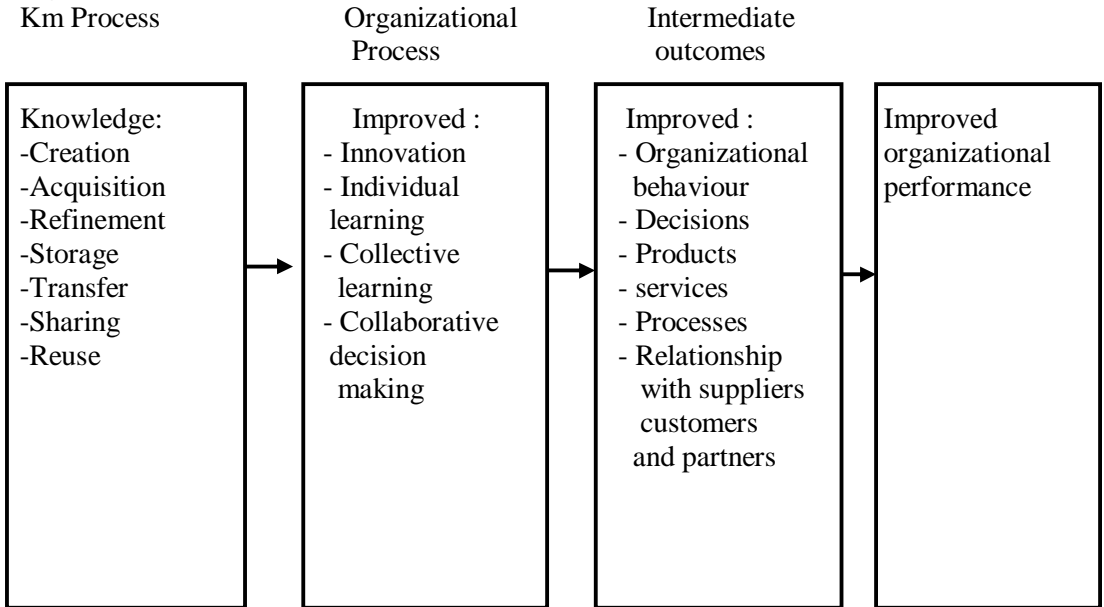
The purpose of knowledge management is to capture a company's collective expertise and distribute it to wherever it can achieve the biggest pay off. This is in accordance with the resource -based view of the firm which as argued by Grant (1991), suggests that the source of competitive advantage lies within the firm (i.e. in its people and their knowledge), not in how it position itself in the market. A successful company is a knowledge .creating company.

Knowledge management is about getting knowledge from those who have it to those who need it in order to improve organizational effectiveness, Trussler (1998) in Armstrong (2004). In the information age, knowledge rather than physical assets or financial resources is the key to competitiveness. Knowledge management allows companies to capture, apply and generate value from their employee's creativity and expertise.

The Knowledge Management Process

Knowledge Management Processes directly improve organizational processes, such as innovating collaborative decision making and individual and collective learning. These improved organizational processes produce intermediate outcomes such as better decisions and improved organizational behaviours, products, services, processes and relationships. These in turn, lead to improved organizational performance, as shown in the figure below:

Figure I



Source: King W. R. and Elekse W. (2006)

Approaches to Knowledge Management

Two approaches to knowledge management have been identified by Hansen, Nohria and Tierney, (1999) in Armstrong (2004). They are the codification approach, and personalization approach.

1. **The codification strategy** - Knowledge is carefully codified and stored in data bases where it can be accessed and used easily by anyone in the organization. Knowledge is explicit and is codified using a "people -to -document" approach. This strategy is therefore document driven. Knowledge is extracted from the person who developed it, made independent of that person and re-used for various purposes. It will be stored in some form of electronic repository for people to use. This allows many people to search for and retrieve codified knowledge without having to contact the person who originally developed it. This strategy relies largely on information technology to manage data bases and also on the use of the intranets.

2. **The personalization strategy** - Knowledge is closely tied to the person who has developed it and is shared mainly through direct "person to. Person" approach which involves sharing tacit knowledge. The exchange is achieved by creating network and

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encouraging face -to -face communication between individuals and teams by means of informal conferences, workshops brainstorming and one-to-one sessions. .

The choice of strategy should be contingent on the organization -what it does, how it does it and its culture. For example, consultancy firms may rely mainly on a personalization strategy to help them to tackle the high level strategic problems they are presented with, which demand the provision of creative, analytically rigorous advice.

Factors to be Considered in Knowledge Management

The issues that need to be addressed or factors to be considered in developing knowledge management processes among others include the following:

1. **The pace of change:** One of the main issues in knowledge management is how to keep up with the pace of change and identify what knowledge needs to be captured and shared.
2. **The business strategy:** Nohria and Tierney, (1999), stated that it is not knowledge per say but the way it is applied to strategic business objectives that is the critical ingredient in competitiveness. For example, how does knowledge that resides in the company add value for customers? The knowledge should add value to the business otherwise it should be dropped.
3. **Technology and people:** Technology may be central to companies adopting a codification strategy but for those following a personalization strategy, information technology is best used in a supportive role. Purcell, (1999) suggested that technology should be viewed more as a means of communication and less as a means of storing knowledge.

Knowledge management is more about people than technology. There is a limit to how much tacit knowledge can be codified. In organizations relying more on .tacit than explicit knowledge, a person- to -person approach works best, an information technology (IT) can only support this process, it cannot replace it.

4. **Social capital and culture:** The social capital of an organization is the interaction between people. It involves the network of relationships that constitute a valuable resource for the conduct of social affairs. Social networks can be particularly important in ensuring that knowledge is shared. Another element that is very important within the social capital is trust. People will not be willing to share knowledge with those whom they do not trust.

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5. **Knowledge workers:** Knowledge workers as defined by Drucker, (1995) are individuals who have high levels of education and specialist skills combined with the ability to apply these skills to identify and solve problems. Knowledge is about the management and motivation of knowledge workers who create knowledge and will be the key players in sharing it.

Organization Approach to Knowledge Acquisition: Organization approach to knowledge acquisition involves learning and training. Learning is the process by which a person acquires new knowledge, skills and capabilities. Training is the use of systematic and planned instruction and development activities to promote learning. The objective of an organization in embarking on learning and training programmes is to ensure that skilled, knowledgeable and competent people are available to achieve competitive advantage.

There must be a positive or conducive learning environment if the objective is to be achieved. The existence of such environment depends on the active encouragement and support of top management. Line management must also have the belief that learning and development activities pay off. Moreso, the workforce should be generally motivated to learn.

Generative learning involves creating and innovation, going beyond just adapting to change to being ahead of and anticipating change. Generative learning is an indispensable part of learning organization. A learning organization is an organization where people continually expand their capacity to create the results they truly desire, where new and expensive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning how to learn together (Cole, 2004). For the mark of an organization that is really committed to learning is the openness of its employees to the learning opportunities that occur daily in their work environment. Learning in this context, means that all levels and trades of staff are developing their capacity to acquire new skills and insights into the way their duties must be fulfilled. In knowledge management, a learning organization must be conscious of four key elements in terms of what managers need to know or be able to do (Cole 2004:220).

- a. Managerial knowledge - What the manager needs to know about the organization, the job, the procedures involved etc.
- b. Managerial skills -What problem- solving, social and other skills the manager needs to be able to practice.
- c. Managerial attitudes - What the manager is required to accept in terms of coping with stress, dealing with clients.

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- d. Managerial style - The expectations that people have concerning the way the manager exercises leadership. In specific terms, learning and training have the following benefits.
- e. It improves individual, team and corporate performance in terms of output, quality, speed and overall productivity.
- f. Attract high quality employees by offering them learning and development opportunities increasing their levels of competence and enhancing their skills, thus enabling them to obtain more job satisfaction, to gain higher rewards and to progress within the organization.
- g. Improve operational flexibility by extending the range of skills possessed by employees.
- h. Help to manage change by increasing the understanding of the reasons for change, and providing people with the knowledge and skills they need to adjust to new situations.
- i. Help to develop a positive culture in the organization, for example, one that is oriented towards performance improvement.
- j. Provides higher level of service to customers.

Identifying Learning and Training Needs

Having said that knowledge can be acquired through learning and training, not all knowledge or skills may be useful to the organization. This therefore calls for the identification of learning and training needs. Learning and training needs should not only be concerned with identifying and satisfying development needs -fitting people to take an extra responsibilities, increasing all-round competence, equipping people to deal with new work demands, multi-skilling and preparing people to take on higher levels of responsibility in the future.

Conclusion

Knowledge is the information, understanding and skills that you gain through education or experience knowledge is an element of intellectual capital. Knowledge management is a process of practice of creating, acquiring, capturing, sharing and using knowledge, wherever it resides to enhance learning and performance in organization. Knowledge can be stored in data -banks, and found in presentations, reports, libraries, policy documents and manuals.

There should be no knowledge and skill monopoly in an organization if exceptional performance, the growth and survival of the organization is to be achieved. Knowledge should be shared among employees. The death, resignation, annual leave, termination of staff, should not close down an organization or department.

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The major approaches to knowledge acquisition are learning and training. A learning organization is an organization where the employees are open' to learning opportunities thereby developing their capacity to acquire new skills and insights into the way their duties are performed.

Recommendations

1. In order to survive the competitive business environment, a business organization must adopt the learning organization philosophy. The objective of an organization in embarking on learning and training programmes is to ensure that skilled, knowledgeable and competent people are available to achieve competitive advantage.
2. Organizations must ensure a positive or conducive learning environment if the objectives and goals of the company are to be achieved.
3. Knowledge management .in an organization must beam a searchlight on managerial knowledge, skills, attitudes and managerial style.
4. All knowledge or skills may not be useful to the organization. This therefore calls/for the identification of learning and training needs in order to 'avoid wastage of financial resources.
5. There should be exchange of responsibilities or rotation of responsibilities in order to avoid monopoly of expert power.

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