

Chapter 4.10

Knowledge Management: Analysis and Some Consequences

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ABSTRACT

Although the debate on the nature of 'knowledge' and 'information' is far from settled, it is now taken for granted throughout the academic world that the two notions are related but fundamentally distinct. This result, and its significant consequences, still need to be realised and understood by the great majority of the business world. In the first section of this chapter, we briefly comment on some characteristic views of 'knowledge' and 'knowledge management,' and subsequently we analyse in-depth the core constituent notion of the latter, that is, knowledge. In section two, we outline three major consequences of our analysis. The first concerns the limits of management for a certain class of activities involving knowledge. The second concerns the scope and limits of technology for the same class of activities. The third concerns the issue of knowledge market. The thesis we develop is that knowledge cannot be taken

as a commodity; in other words, the notion of a knowledge market is not implementable.

WHAT IS KNOWLEDGE MANAGEMENT?

Attitudes towards 'knowledge management' (KM) have fluctuated widely since the term first appeared. At first, it was highly and sharply inflated, then a deep, albeit less sharp, disillusionment trough followed until recently. Now, a slightly upward leading slope has started to take form. This should not come as a surprise given the wide disagreements, in both the academic and business worlds, concerning both the term 'knowledge management' and its central constituent notion: 'knowledge.'

To start with compare the following three conceptions of KM that appeared in the Financial Times in November 1999.

“The systematic management of the knowledge processes by which knowledge is created, identified, gathered, shared and applied.” (Newing, 1999).

“[Knowledge management] Is about spreading information throughout a corporate body.” (Dempsey, 1999).

“The management of commercially valuable information.” (Vernon, 1999).

What these conceptions exemplify is that KM is perceived in two substantially different senses: a) as synonymous to information management; and b) as distinct from it.

The former sense is the case, knowingly or unknowingly, in the majority of firms dealing with knowledge management. This mistaken identification is what Malhotra (2000) terms the information-processing paradigm to knowledge management. The business world needs to realise that the notions of ‘knowledge’ and ‘information’ are substantially different from each other. It follows that firms also need to realise that certain activities cannot be just renamed and expect successful resolution by the application of old techniques and approaches. As Gupta and Govindarjan (2000, p. 71) remark:

“A gap exists between the rhetoric of knowledge management and how knowledge is actually managed in organizations.”

To be precise, the gap that exists is between the rhetoric of knowledge management and what is actually managed in organizations. And what is actually managed in the vast majority of companies is anything but ‘knowledge’.

The latter of the two senses introduced above is now taken for granted throughout the academic world and by some major pioneering organisations like Slumberger and Nucor Steel. Such acceptance

though has not led to a much-needed clarification of their foundations, that is, of the core constituent notions of ‘knowledge’ and ‘information’. The rest of this section aims to contribute to the foundational clarification of the notion of ‘knowledge’. For a summary presentation of the major views on information as well as a rudimentary theory of information and some of its consequences, see Gelepithis (1997).

Before proceeding with our task, we should stress that epistemology (i.e., the study of knowledge) is a vast area that has been studied for 2,500 years by the greatest minds in philosophy and, increasingly, by scientists in disciplines like psychology, neuroscience, and Artificial Intelligence (AI). This fact is ignored by or unknown to the great majority of books and papers on knowledge management, creating a distorted picture of the issues involved and hence of the appropriate solutions. To illustrate our point we present the following four viewpoints.

The easiest way out of the nexus of problems surrounding knowledge, without really addressing any, is exemplified by Newing’s (1999) definition above in which knowledge is taken as something self-explainable or something we all know about and therefore is in need of no explanation at all. I would avoid commenting on such an approach. Let us concentrate on three views by, more or less, well-known workers in knowledge management who do accept not only the importance of the distinction between information and knowledge but also the need to explain what knowledge is.

Borghoff and Pareschi (1998, p. v) write:

“Information consists largely of data organised, grouped, and categorized into patterns to create meaning; knowledge is information put to productive use, enabling correct action. Knowledge is quite different from information, and managing knowledge is therefore decisively and qualitatively different from managing information. Information is converted into knowledge through a social,

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