# Chapter 4.55
# Getting Knowledge Management Right:
## Lessons from Failure

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## ABSTRACT

*Knowledge is increasingly recognized to provide a foundation for creating core competences and competitive advantages for organizations, making effective knowledge management (KM) crucial and significant. Despite evolving perspectives and rigorous endeavors to embrace KM intentions in business agendas, organizations cannot always realize expected benefits and improve their performances. This paper reports a case study of an organization in Hong Kong that shares typical characteristics with other organizations with strong awareness and expectations of KM, yet experienced failure of its program in two years. Our findings showed that KM activities carried out in the organization were fragmented and not supported by members. Based on this failure case, four lessons learned are identified for improving KM performance.*

## INTRODUCTION

Knowledge has been increasingly recognized as an important asset for improving organizational performance. The capability to manage knowledge is deemed crucial to advocate effective KM programs/systems in large-, small- and medium-sized organizations (Alavi & Leidner, 2001, KPMG, 2000, McAdam & Reid, 2001). While many KM success stories have been reported, there are also failure stories. As reported in many management research studies, the challenges of KM implementation are not only dependent on a company's technological abilities, but also its managerial and

organizational capabilities (Akbar, 2003; King, Marks Jr. & McCoy, 2002). In this paper, we report on a case study of how an organization in Hong Kong initiated a promising KM project but failed in two years. We know the case because we were called in by the company's top management to uncover why the KM initiative failed. Findings are discussed that reveal a gap between the KM initiatives and unmet practices. Derived from the failure results, we present what we can learn from it and finally conclude with implications for future KM theory and management actions.

## PAST STUDIES ABOUT KM

KM researchers have suggested various key elements that contribute to KM success. The mainstream thoughts can be classified as follows:

### Knowledge Classification

According to resource-based theory, knowledge is regarded as an object that can be identified, traded like other organizational resources, and captured and documented in information systems (Fischer & Ostwald, 2001; Shin & Holden, 2000). Therefore, it is presumed that the more knowledge objects organizations possess the more likely they are to improve performance and productivity. According to the cognitive perspective, knowledge is viewed as a fluid mixture of experience, ideas and capabilities that are resided in minds of individuals (Kim, 1993; Nonaka, 1994; Tuomi, 2000). Therefore, it is asserted that procedural design in enhancing individual learning and understanding to leverage knowledge to direct decision and action will improve performance. The social view asserts that knowledge is a social asset and is embedded in social context as a dynamic state of knowing leveraged from individuals to groups through collective interaction and learning by doing (Nonaka & Konno, 1998; Swan & Newell, 2000). Therefore, the effectiveness of KM is primarily encouraged by knowledge sharing among and between groups and individuals who are committed for common interests or trust.

## KM Frameworks

KM frameworks are categorized into two main groups: descriptive and prescriptive (Holsapple & Joshi, 1999). The descriptive framework characterizes the nature of KM phenomena: the fundamental capabilities that organizations manipulate in their KM activities. For example, APQC (2000) conceptualizes organizational members as engaging seven main KM processes, including create, identify, collect, adapt, organize, share and use of knowledge. It is stated that each process is designed and managed to support one another to ensure the right knowledge gets to the right people at the right time to improve organizational performance. Other studies depict the core work of KM as relying upon the development of organizational memory (Appleyard & Kalsow, 1999) or fostering networked communities (Bowonder, 2000) to enable individuals to share and acquire knowledge in various aspects.

The prescriptive framework characterizes how organizations should structure effective KM implementation guidelines. For example, Allee (1997) suggests that traditional ways of managing physical resources (such as raw materials) do not fit in the context of KM. She advances 12 principles for capitalizing the value of knowledge in regard to its fluid and diverse nature: Knowledge is embedded with individuals and social networks; knowledge is not accountable to a single party, meaning it should be a responsibility for each employee. Lee and Kim (2001) propose four KM stages where organizations nurture and grow their capabilities: initiation, propagating, integration and networking. The first stage, initiation, is regarded as the preparation for enterprise-wide knowledge management efforts. The second stage is focused on the intra-organizational activation of knowledge activities (e.g., reward systems, KM

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