Chapter VII
KM Technologies and the Organizational LOE:
The Unintended Consequence of Constant Organizational Change

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ABSTRACT

The potential benefits of utilizing knowledge management (KM) technologies in multinational and global organizations are of particular significance due to the inherent geographic distance and diversity of such organizations. Unfortunately, the process of constantly changing technology can be extremely disruptive at both the individual and organizational level. This chapter explores the relationship between KM technology change within the organization and the Theory of Organizational Loss of Effectiveness (LOE). "The general Theory of Organizational Loss of Effectiveness is predicated upon organizational behavior resulting from a loss of stability, e.g. technology change, within an organization." (Grady, 2005) The loss of stability, in the context of this theory, occurs when a defined set of symptoms develop in individuals and groups undergoing a change in technology. The assertion is that the development of these symptoms is predictable, and when viewed collectively, results in an organizational loss of effectiveness.

INTRODUCTION

"Change is inevitable. Change is constant."
-Benjamin Disraeli (1804-1881), Prime Minister, United Kingdom, 1874-1880

Knowledge management (KM) is the name given to the set of systematic and disciplined actions that an organization can take to obtain the greatest value from the information available to it. 'Knowledge' in this context includes both experience and understanding of the people in the organization and the information artifacts, such as the documents and reports, available within the organization and in the world outside. (Marwick, 2001)

Within organizations, KM and its associated technologies can be used to store and/or distribute types of information that may be useful to the organization in the present and the future. KM technologies, if properly implemented, change the fundamental principles by which organizational information is captured, stored, retrieved, organized, analyzed, and shared. These tools have the potential to improve the organization's effectiveness and can be used to enhance the long-term health of the organization.

However, implementation of new technologies and the changes faced by employees may also have an unintended and detrimental impact on the overall effectiveness of the organization. This chapter suggests reasons why a decision to implement new technologies should be accompanied by the anticipation that there may also be a significant negative impact on the employees affected by the change. This is because the implementation of a new technology can lead to the development of a specific set of symptoms in those employees affected by the change. This condition was first described in the Theory of Organizational Loss of Effectiveness (Grady, 2005), which states that when technology change results in the removal of systems that are familiar to the employee, and are replaced with new and unfamiliar technologies, these employees experience a loss of stability. This loss of stability is then manifested by the exhibition of symptoms which, if a sufficient number and intensity develop, will lead to an organizational loss of effectiveness (see Figure 1).

The Theory of Organizational Loss of Effectiveness in Grady (2005) as relates to the issues of KM technology change for multinational organizations can be restated as such:

The change associated with adding a new KM technology within a multinational organization can be expected to cause a loss of stability among those employees affected by the change. This change results in the development of a predictable and measurable set of symptoms in this employee group. When a significant intensity and number of these symptoms are present simultaneously in employees of an organization, an organizational loss of effectiveness will occur.

Now more than ever, organizational development is influenced by the rapidly changing technological environment and the impact these changes have on its workforce. This chapter will address the interface of KM and the organizational LOE, and will provide insights into a problem that can frustrate the efforts to enhance the competitive advantage of the multinational organization.

Figure 1. Model of the Theory of Organizational LOE
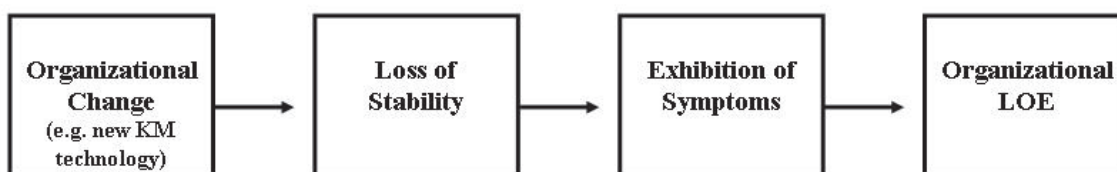
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