

# Chapter 2.1

## Developing and Aligning a Knowledge Management Strategy:

### Towards a Taxonomy and a Framework

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#### ABSTRACT

Knowledge capitalization has become a major economic driver in business today and has created enormous requirements for organizations as they reconsider their goals and adapt their business strategies. However, the definition of knowledge management in an organizational context is a difficult task to realize (Spiegler, 2000). Although knowledge is a critical resource, it is generally poorly managed (Earl, 2001). Good knowledge management can help with achieving business goals, as it requires an alignment of KMS and BS. Researchers in KM suggest a taxonomy to better define the field (Earl, 1983; Galliers, 1987; Hansen et al, 1999; Maier, 2001; Yu et al, 2004). This paper provides a KMS and BS alignment framework and taxonomy with concepts, links

(contextual links among concepts), actors, actions and processes for effective knowledge management through alignment and interaction in an organization.

#### INTRODUCTION

A resource-based view of business includes the nature of resources possessed by organizations and the qualities that such resources must maintain in order to provide sustainable, competitive advantages over time (Wernerfelt, 1984; Barney, 1991; Grant, 1991; Amit et Schoemaker, 1993). According to this view, “the organization must possess the ability to effectively and efficiently exploit the full potential of its resources, in order to develop and maintain any potential

competitive advantages” (Adams & Lamont, 2003). Furthermore, “knowledge is viewed by many as the most valuable resource, inimitable by others and sustainable if once acquired” (Yu et al., 2004, p.1). For this reason, large industrial groups are recognizing the strategic importance of knowledge and are improving their capability to exploit all inherited knowledge (Dieng et al., 2000) by means of good knowledge management (KM). Organizations know that knowledge could make a difference in performance, but they do not know where or how to begin management (Earl, 2003).

Because “knowledge is the critical resource rather than others and it is generally poorly managed” (Earl, 2001, p. 215), KM research is needed. The literature in several disciplines and management practices indicate how important it is for knowledge to be managed. KM is a new science aiming at reorganizing business organizations around immaterial richness by a process of capturing, sharing and reusing knowledge (Davenport, 1998). As Jennex, Olfman, and Addo (2003, p. 1) note: “Organizations are much more likely to capture knowledge benefits if they have an organizational KM strategy.” The development, implementation and use of organizational knowledge require specific strategies suitable for setting up KM and the alignment of KM strategies with business strategies to ensure that KM is an integral part of a corporate strategy (Abou-Zeid, 2003; Asoh, Belardo, & Duchessi, 2003; Roth, 2003; Sharkie, 2003). As Asoh et al. (2003) note, there has been little research into the alignment of KM with business strategies. Also, there seems to be a “lack of strategic models to link KM efforts and business strategy” (Maier, 2001, p. 3). A lack of alignment can lead to poor strategic planning, which in turn can lead to the misuse of resources (Luftman et al., 2004) and poor performance.

Having the wrong strategy or no strategy causes organizations to fail to utilize their knowledge (Hansen et al., 1999). The authors of this article

stress that it is not easy to undertake a study of the strategic alignment of KM and business. Such research requires clarification of terms, as Asoh et al. (2003, pp. 40-41) state: “First, the different perspectives of knowledge and KM may mean that researchers cannot come to terms concerning what exactly has to be aligned. Second, there is persistent confusion between the terms *information* and *knowledge*. Third, because of the confusion between information and knowledge, researchers may think they are working on KM when in fact they are researching information systems or information technologies (IS/IT). Fourth, there is a similar degree of confusion between knowledge strategies and KM strategies.”

Although good for international business, models for information strategy (Nolan, 1979; Leidner and Galliers, 2003) can be limited in helping organizations develop global ideas for knowledge management strategy and businesses strategy alignment (KMSABSA). Applying IS/IT strategy models can also lead to focusing on a scientific “fit” between knowledge management strategy (KMS) and business strategy (BS). As a result, KMS and BS global concepts and described behaviours can become derivatives vis-à-vis other concepts and subconcepts. But KM as a conscious practice is so new that there are few successful models for executives to use as guides (Hansen et al., 1999). Nevertheless, “there is broad agreeing in the management literature that KM has to be solidly linked to business strategy and ultimately to the creation of economic value and competitive advantage in order to be a sustained effort” (Maier, 2001, p. 3).

To support such an alignment, the design and implementation of a taxonomy and a conceptual framework for KMSABSA seem necessary to identify, define, and connect the key concepts in managing knowledge. The interlinking among concepts, actors, actions, and processes in KMSABSA as defined and described in this article illustrate how businesses can implement these aspects of information systems while they

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