Chapter VI

Governance of Strategies to Manage Organizational Knowledge:
A Mechanism to Oversee Knowledge Needs

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EXECUTIVE SUMMARY

This chapter introduces the theory and model of governance as a means of implementing knowledge management strategies in large organizations. It draws on case study research into the governance of knowledge management strategy implementation in a major scientific research and development facility. It suggests that the implementation of strategy through such a framework operates to ensure the delivery of anticipated benefits in an authorized and regulated manner. Furthermore, the authors hope that an understanding of the theoretical underpinnings of internal governance processes will not only inform researchers of a better design for studying knowledge management systems, but will also assist in the understanding of risks and the role of evaluation and review in the implementation of those strategies.

INTRODUCTION

To date, research has examined different understandings of the concept of knowledge management (KM) and from this, a multiplicity of approaches to implement strategies have been derived. This case study contributes new research that examines the role of governance in the effective delivery of strategies to manage organizational knowledge. This case study looks at the implementation of a KM strategy and in particular examines the mechanisms that are employed to oversee and control the development and implementation of strategies to manage knowledge. KM processes comprise the methods employed in the acquisition, distribution, and utilization of knowledge in the organization. Organizational knowledge is present in explicit (codified) and tacit (abstract) forms and as such differing strategies are required in order to deploy it effectively.

A strategy is a plan or tactic for the implementation of the management of organizational knowledge. KM governance does not design the strategy to manage organizational knowledge. Governance manages risk to ensure the delivery of anticipated benefits in an ongoing process that must be quality assured, be fiscally viable, meet goals and strategic objectives, and must be responsive to changing requirements of organization and of staff (Farrar, 2001). A governance mechanism directs, monitors, and controls how this function is fulfilled and gauges success as reflected in the timeliness of service delivery and the satisfaction levels of the internal stakeholders and also, potentially, of external stakeholders. A governance body will therefore work with those who design and implement the strategy but does not function to operationalize that strategy.

Recent international corporate scandals — including Barings Bank in the UK, Enron in the United States, and HIH in Australia, to name only a few — have highlighted the importance of governance in organizations. Corporate governance is predicated on the clear collective mental picture of the board of directors of the future of the company, and clear understanding of the mission of the company and a strategy or vision of means to achieve this. Specific legal or statutory duties are imposed on directors and other officers of companies (Francis, 1997). These include a duty to act honestly, to exercise care and diligence, and to not make improper use of information. The particular background, qualifications, and management responsibilities of the director are taken into account under law when evaluating the director's compliance with the duty of care and diligence. Usually, the constitution of the organization will state the duties of the directors. The directors are responsible to the shareholders for the profitability or otherwise of the company. Additionally the task of the board in Australia is "to ensure corporate learning, renewal, evolution and succession" (Francis, 1997, p. 78).

In this case study, governance refers to governance that in "its narrower and most usual sense refers to corporations and to systems of accountability by those in control" (Farrar, 2001, p. 3). Organizational governance therefore requires knowledge of trends in industry and of competitors, technology, the economy, and the social environment. Governance requires the examination of the company's structure, vitality, adaptability, intellectual assets, and potential. Governance explores scenarios and strengthens and evolves the organizational management and organizational succession. Governance is the implementation of authority through a framework that ensures delivery of anticipated or predicted benefits of a service or process, in an authorized and regulated manner.

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