Knowledge Management as Organizational Strategy

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INTRODUCTION

"More than ever before, the effectiveness of organizations depends on their ability to address issues such as knowledge management, change management, and capability building, all of which could fall into the domain of the HR function" (Lawler & Mohrman 2003, p. 7). In its leadership role, Human Resources (HR) has many tasks and responsibilities. According to Lawler and Mohrman (2003), there are several key organizational challenges faced by HR departments. These challenges include improving productivity, increasing quality, facilitating mergers and acquisitions, improving new product possibilities, and knowledge management. Knowledge management (KM) is defined as the tools, techniques, and processes for the most effective and efficient management of an organization's intellectual assets (Davies, Studer, Sure, & Warren, 2005). Knowledge management consists of the combination of data and information processing capacity (i.e., information technologies), as well as the creative and innovative capacity of human resources. Knowledge management entails an organization viewing its processes as knowledge processes, in which these processes involve application of knowledge within the organization. Knowledge management focuses on the generation and application of knowledge, leveraging and sharing knowledge to increase the derived value, importing knowledge in the form of skilled employees, connecting knowledge workers, and motivating knowledge workers (Mohrman & Finegold, 2000). According to Robbins (2003) the process of knowledge management entails organizing and distributing an organization's collective wisdom so that the right information gets to the right people at the right time. As knowledge management becomes increasingly important, organizations must strive to understand the dynamics of knowledge management. This article will discuss the elements of knowledge management, in addition to presenting a case on how organizations can use knowledge management as strategy, where knowledge management is valued more than funding as a strategic resource.

BACKGROUND

According to Metaxiotis, Ergazakis, and Psarras (2005), knowledge management has its origins in several business improvement areas including Total Quality Management, Business Process Reengineering, Information Systems, and Human Resource Management. Historically knowledge management can be distinguished within three timeframe generations (Metaxiotis et al., 2005). The first generation encompasses the period between 1990-1995. Within this generation knowledge management initiatives focused on defining knowledge management, exploring its benefits, and designing KM-specific projects (Metaxiotis et al., 2005). In addition, artificial intelligence (AI) has been essential in the evolution of knowledge management, where AI is represented and defined as computer intelligence. AI has influenced knowledge management research pertaining to knowledge representation and knowledge storage. Knowledge storage (also referred to as knowledge repository) is based on the storage of knowledge and information for later use, both intellectually and physically (i.e., documents). The main goal of storage is . The second generation of knowledge management emerged around 1996, in which organizations began to establish jobs for KM specialists and knowledge workers. Within this generation, knowledge management research focused on knowledge definitional issues, business philosophies, systems, frameworks, operations and practices, and advanced technologies. The second generation of knowledge management emphasized knowledge management as a systematic organizational change, where management practices, measurement systems, tools, and content management needed co-development (Metaxiotis et al., 2005). The third generation of knowledge management encompasses present-day philosophies. According to Wiig (as cited by Metaxiotis et al., 2005), the difference in the third generation is the degree to which the third generation is integrated with the enterprise's philosophy, strategy, goals, practices, systems, procedures, and how it becomes part of each employee's work-life. The third generation of knowledge management plays on the link between knowing and action, where all knowledge is considered inherently social and cultural, and organizational knowledge can only be realized through change in organizational activity and practice (Metaxiotis et al., 2005).

The underpinnings of knowledge management encompass knowledge workers. Knowledge workers are considered experts in some abstract knowledge base, in which they identify with their profession and not a particular organization (Griffin & Ebert, 2002). This knowledge base can

consist of both educational and work experiences that add to the knowledge workers repository. Knowledge workers utilize acquired knowledge as raw materials and often rely on technology to design new products and business systems. In today's workforce the need for knowledge workers increases as the importance of information-driven professions increases. For knowledge workers, re-training and training updates are crucial in maintaining their skill set. Deficiencies in training and training updates can result in a loss of competitive advantage for the organization. As knowledge workers maintain their skills, they seek knowledge-based pay, also referred to as skilled pay. According to Griffin and Ebert (2002), knowledge-based pay is a performance pay plan based on rewarding employees for acquiring new skills or knowledge. This pay plan is based on the premise that as the knowledge worker acquires more knowledge and skill, he or she becomes more valuable to the company. Once knowledge workers are sustained, organizations can then engage in utilizing various classes of knowledge.

As organizations engage in knowledge management, it is beneficial to be aware of knowledge classes. Small and Sage (2005) state that there are two main classes of knowledge, tacit and explicit. Explicit knowledge is knowledge that can be codified. It is formal and systematic and can be found in books, enterprise repositories, databases, and computer programs. Zack (1999b) notes that explicit knowledge is more precise and formally articulated. Tacit knowledge is difficult to articulate and more personal, rooted in contextual experiences. "Tacit knowledge is subconsciously understood and applied, difficult to articulate, developed from direct experience and action, and usually shared through highly interactive conversation, storytelling, and shared experience" (Zack, 1999b, p. 2). Once organizations are familiar with the classes of knowledge, they can then evaluate their present knowledge base in an effort to use knowledge management as a tool for organizational strategy.

KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL STRATEGY

Knowledge management entails how an organization can generate and communicate knowledge, where knowledge is defined as usable ideas (Behery, 2008). Knowledge management involves the process of managing knowledge to meet existing needs, identifying and exploiting existing and acquired knowledge assets, and developing new opportunities (Metaxiotis et al., 2005). From an organizational viewpoint, knowledge management focuses on exploiting and developing knowledge assets to further the company's goals and objectives. The objective of knowledge management is to identify and leverage collective knowledge in an effort to aid organizations in achieving a competitive advantage

through utilization of organizational strategy. Strategy within an organization encompasses an organization's plans or actions for attaining a specific goal. Knowledge management can be used within an organization's strategy as a tactic for achieve its goals and objectives. As organizations seek competitive advantage, utilization of knowledge management can be beneficial. The benefits of organizations incorporating knowledge management into their organizational strategy include innovation, increased organizational learning, improved intellectual asset management, increased operational efficiency, time-to-market improvement, and continuous improvement (Demarest, 1997). Holsapple and Joshi (2000) list several factors that can influence an organization's inclusion of knowledge management in its strategy. These factors include culture, leadership, technology, organizational adjustments, employee motivation, and external aspects. These factors can be further organized into three categories, which include managerial influences, resource influences, and environmental influences. Once organizations have an understanding of the origins of knowledge and knowledge management, the organization can then create knowledge management projects as a strategy component to attain their organizational goals.

Davenport, DeLong, and Beers (1998) categorized four types of knowledge management projects based on organizational objectives. These categorizations, organized by objectives, include the following:

1. To create knowledge repositories, which store both knowledge and information, often in documentary form. Repositories can fall into three categories: those that include external knowledge, such as competitive intelligence; those that include structured internal knowledge, such as research reports and product-oriented marketing material as techniques and methods; and those that embrace informal, internal, or tacit knowledge, such as discussion databases.
2. To improve knowledge access, to provide access to knowledge, or to facilitate its transfer among individuals; here the emphasis is on connectivity, access, transfer, technologies (i.e., videoconferencing systems), sharing tools, and telecommunications networks.
3. To enhance the knowledge environment, so that the environment is conducive to more effective knowledge creation, knowledge transfer, and knowledge use. This involves tackling organizational norms and values as they relate to knowledge.
4. To manage knowledge as an asset, as well as recognize the value of knowledge to an organization. An organization's intangible assets, to which value can be assigned, can include assets (i.e., technologies that are sold under license or have potential value), customer databases, and detailed parts catalogs.

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