

Knowledge Management Governance

Suzanne Zyngier

Monash University, Australia

INTRODUCTION

There are many barriers to the implementation of knowledge management (KM) strategies. These include the lack of time and financial resources allocated to sharing knowledge, a lack of organizational understanding of the philosophy and the benefits of KM, and a lack of skills in KM. However, survey data show that the greatest acknowledged obstacle to the implementation of a KM strategy is the management culture of the organization (Chase, 1997; Zyngier, 2001). These obstacles reveal a problem in the implementation of an organizational KM strategy. The problem lies not in the implementation of a given strategy per se, but in the lack of governance of that strategy.

The governance process is a framework of authority that ensures the delivery of anticipated or predicted benefits of a service or process (Farrar, 2001). The operationalization of that strategy is therefore executed in an authorized and regulated manner. Governance mechanisms must be invoked to guide both the initial implementation and the ongoing control and authority over KM strategies. A governance framework will provide the management of risk, review mechanisms and fiscal accountability in leveraging tacit knowledge, and the sharing of explicit knowledge within an organization. Knowledge is not simply a series of artefacts to be managed. This article identifies the processes in KM that are subject to governance. KM governance centres the decision-making authority as an executive framework to deliver the expected benefits of the strategy and for these benefits to be delivered in a controlled manner. This is achieved by the establishment of checks and balances in the implementation of the strategy. It ensures that evaluation measures feedback that enables deliberate adjustment of the delivery of the strategy, and that needs and expectations are being met. If the needs and expectations of the organization cannot be met, then the governance process should then be able to establish and manage the cause.

The first part of this article discusses KM strategy development and shows the origins of KM governance in the concept of the use of governance principles and practices. The second part will discuss the central issues in KM governance, being authority, evaluation,

measurement, and risk management. The third part will suggest a structure or model for KM governance explaining how this operates in an organizational context, and suggests future trends for this research.

BACKGROUND

The Role of Leadership

Executive management leads and establishes the culture and consequent ability of an organization to capture, share, and manage its knowledge. In the past, leaders in organizations were empowered to order changes, and then all that was required of the organization was to implement the plan (Bridges & Mitchell, 2000). The culture of an organization is developed by the structure, attitude, and example of management. Krogh, Ichijo, and Nonaka (2000) describe how effective management and the support of knowledge creation depends on the physical, virtual, and emotional context in which they are manifested. Where there is a strong commitment at the level of executive management to change organizational culture, an organization is able to begin to create the values that lead to knowledge sharing across boundaries (Hackett, 2000; O'Dell, Grayson, & Essaides, 1998). Currently, interpretations of knowledge management leadership (Rumizen, 2002; Tiwana, 2002) endow the leader with the responsibility to direct, conduct, or guide functions in the implementation of such a strategy.

The terms knowledge champion, leader, and sponsor are used interchangeably in the knowledge management literature. The terms variously indicate a person who initiates a KM strategy, or one who supports and promotes the initiation of such a strategy. Therefore, the person or persons responsible for the implementation of a KM strategy may have the sole responsibility for the development and implementation of a KM strategy. This cannot ensure buy in from the organization as a whole. These risks are revealed as found in Australian and international surveys that have disclosed some of the obstacles to KM strategies (Chase, 1997; Davis, McAdams, Dixon, Orlikowski, & Leonard, 1998; DeLong & Fahey, 2000; Ewyk, 1998; Fang, Lin, Hsiao, Huang, &

Fang, 2002; Hackett, 2000; IC² Institute at the University of Texas at Austin, 2001; McAdam & Reid, 2001; Zyngier, 2001).

KM Strategy Development

KM literature describes many approaches to the development of a strategy or plan to be implemented as a means of achieving the organizational objectives of sharing tacit and explicit knowledge within the organization. Strategies are usually grounded in a theoretical methodology that will provide the greatest leverage in implementation (Zack, 1999), with each meeting perceived needs in the organization. There are two categories of strategies: deliberate and emergent strategies. Deliberate strategies must be articulated in a plan that must then be implemented. Emergent strategies are those that emerge in the organization as part of the process of learning what works well and what does not. Mintzberg (1994) suggests that strategic planning processes fail when they are not constructed to understand, internalise, and synthesise, that is, to learn from the successes or failures of the strategic process as it is implemented. In this sense, strategic planning would be a static and inviolate process. This is where the concepts of strategic approaches to KM are vulnerable unless the strategy is conceived of as a learning or evolutionary process. This being so, a KM strategy or plan is not rigid, but is an operational process that will enable learning and can evolve to take into account new and emerging environments within and outside the organization. KM obstacles lie not in the plan, but in the processes of control or regulation that surround the planning, implementation, feedback, and ongoing development of the plan. These processes are governance processes.

Governance Principles and Practice

There are a number of current contending uses of the term governance. In this article, governance refers to the governance processes of control or regulation within companies, interpreted as the implementation of authority through a framework that ensures the delivery of anticipated or predicted benefits of a service or process in an authorized and regulated manner (Weill & Woodham, 2003). This approach forms a context for analysis, management, risk management, and the ongoing development of strategies to manage organizational knowledge. It is also a means of developing measures of the effectiveness of those strategies. Governance will be affected by the composition of the membership of the governing body, the personal characteristics and history of the individuals involved, and the visions and

principles enshrined in organizational structures and processes.

There are two main theories in the governance literature that relate to the purpose of the corporation and whose interests it should serve (Farrar, 2001; Van den Bergh & De Ridder, 1999). These are:

1. the shareholder model where the primacy focus of serving shareholder interest and value is the underlying philosophy or driver of governance, and cost minimisation and profit maximisation are paramount, and
2. the stakeholders model where the primary interest is on all stakeholders including the organization's owners or shareholders, creditors, employees, and the local communities in which the firm exists.

The stakeholders or consultative model may be considered a less managerially neat option due to the need to consult and reconcile conflicting interests; however, where decisions are made and endorsed by the majority of stakeholders, there is greater acceptance of decisions and activity around those decisions (Vinten, 2000).

In the stakeholder model, a greater contribution of decision making is expected at all levels. Internal stakeholder governance processes are not merely good management processes, but can also be viewed in terms of ensuring that a wide range of organizational needs are represented and being met. While to-date governance principles have rarely been applied to other managerial strategies, this approach is seen in the work of the IT Governance Institute (2001), the IT Governance Institute and COBIT Steering Committee (2000), and the British Standards Institution and Technical Committee (2002). The notion of IS and IT governance activity is already apparent as a subset of governance. This framework similarly facilitates the provision of feedback mechanisms within other managerial strategies to serve as a model of continuous improvement in organizational structures. Responsiveness to stakeholder interests enhances the capacity of the organization to identify and analyse a greater range of risks and to better deliver services or products.

Governance is at the centre of the decision-making authority. It is a framework to deliver the expected benefits of investments in a controlled manner through the establishment of checks and balances in the mode of service delivery. It ensures that evaluation feeds back into the service delivery strategy, and that stakeholder needs and expectations are being met. This approach is echoed by Galliers' (1999) sociotechnical approach to business and IS strategy formations, and the management of organizational transformation that takes into account the organizational environment, business strat-

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