

# Chapter 3

## Knowledge Management Cycle

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### ABSTRACT

*Knowledge is perceived as a strategic asset in today's organisational world. The transition from a period where knowledge was undermined by organisational setups to a period where knowledge is conceived as an endowment that serves equally and most often better than other organisational endowments such as land, labour, capital and entrepreneur is not free of a plethora of activities. Knowledge Management is an area that has ameliorated aggressively since the day the idea came into inception. The chapter attempts to excavate into the knowledge managing processes as developed over the course of time for blending with the requisites of varied businesses. In line with the objective of the research note, the two prominent and paramount dimensions of knowledge are delved into profoundly. The tacit and explicit dimensions of knowledge are seen as essential jolts to an effective knowledge managing system. While explicit knowledge can be easily retrieved and shared among the organisation, it is the tacit area that is difficult to be recorded.*

### INTRODUCTION

Knowledge Management did not initiate with the term it is recognised by now; it came up with a terminology of intellectual capital that emerged in the early years of 90s decade and gradually gained momentum as the world economy integrated and recognised the importance of effective utilisation of information for achieving aims of all kinds of business houses and organisations. The area acknowledged “information” as an input to efficiently organise and increase the output dynamics of business organisations as it recognised other inputs such as land, labour, capital and entrepreneur (Talero & Gaudette, 1995). So, the emergence of Intellectual capital laid the basis for hailing information as a factor of production adding more to value than other factors of production do in absence of intellectual capital. In the words of Peter Ferdinand Drucker; “If we apply knowledge to tasks that we obviously know how to do, we call it productivity. If we apply knowledge to tasks that are new and different, we call it innovation. Only Knowledge allows us to achieve those two goals.” Thus, portraying the relevance of information or knowledge in the productivity and innovation of an organisation or in the overall efficiency of the busi-

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ness world, the renowned management consultant and author phenomenally explains why knowledge is important to the growing world and why its management forms a topic of paramount relevance as we see a major transition in the world economy. According to the traditional viewpoint, the factors of production or the prime ingredients that step up the success of an organisation have been land, labour, capital and raw materials. Little was thought about information and its processing that could outreach the developments in the organisation. Knowledge has of course been necessary in the functioning of any society (Tsoukas, 2002). The massive transition in the organisational behaviour as a consequence of an outbreak of information revolution laid the auspices of the need for knowledge management. Demands for imaginative, intuitive, inspirational leaders who can manage human intellect and convert it into useful products and service continue to grow (Goffee and Jones, 2000). From a business perspective, knowledge seems to be a key factor for an organisation's success in the long run (Mansell & when, 1998; Tat and Hase, 2007). The objective of Knowledge Management System is to support creation, transfer and application of knowledge in organisations (Alavi & Leidner, 2001).

Intellectual capital, the term that saw its evolution in the early and middle years of 90s decade intertwined itself with intranet in order to fulfil the needs of a much broader base by making communication easy among firms and even among different branches of the same firm (Srikantaiah & Koenig, 2008). This made interchanging data related information possible to customers and suppliers both as well as to other organisations. It was seen as a step to disseminate information to employees across the world of the organisation. It is the “intangible assets” present in the minds of employee that decides the future wellness of the company (Brewster et al. 2001). This was the phase that the term Intellectual capital got transformed into a broader term “Knowledge Management” which was an amalgamation of the two forces viz. Intellectual Capital and Information Technology or the Intranet that made dissemination of the acquired information easier among branches spread across the globe. The successful merger of information with internet or e-learning influences and comfort the intellectual capital of an organisation which includes skills, cognitive abilities and processes. Gartner's group defines Knowledge Management as “a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving and sharing all of an enterprise's information assets. These assets may include databases, documents, policies, procedures and previously uncaptured expertise and experience in individual workers.” Thus, Knowledge Management envelopes all the assets of the business organisation that it tends to reflect over and shares information about to its branches strewn across the globe thus making communication easy and ensuring work to be dispensed efficiently.

## **DIMENSIONS TO KNOWLEDGE**

Knowledge as defined by Nonaka and Huber is “a justified personal belief that increases an individual's capacity to take effective action”. This definition of knowledge in context of the power enabled by possession of knowledge to decide effectively is the major breakthrough in all knowledge management systems. The whole why and wherefore of knowledge management system stems from this belief. In this respect, the possession of knowledge is mainly in two forms; tacit knowledge and explicit knowledge. These two notions of knowledge are at times confused with each other and its content. Tsoukas, 2005 states these two kinds of knowledge as two sides of the same coin. Tacit knowledge counts in every that kind which an individual gains through experience and it sums up all kinds that are in the mind of an individual. As Polanyi (1962) and Nonaka (1994) have defined tacit knowledge as that information

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