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Chapter 1

The Impact of Informal Networks on Knowledge Management Strategy

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Knowledge Management *- the collection and processing of disparate knowledge in order to affect mutual performance.*

ABSTRACT

The application of a knowledge management strategy does not take place in a vacuum. Successfully meeting objectives of a knowledge management strategy may depend not only on the efficacy of the strategy itself or of the team that is responsible for its implementation, but also on the environment into which it is being introduced. Research carried out with an application service provider (ASP) indicates that existing informal communication networks will continue to operate independently of any formal strategy

introduced. The significance of informal knowledge sharing activity may be in its incompatibility, or possible conflict, with any formal structures that are introduced. The success of any formally instigated knowledge management strategy might therefore depend on an understanding of the existence and nature of already active informal knowledge sharing structures. It is important for management to recognise the existence of such informal networks and to understand how they might affect the success of any formally introduced knowledge management strategy. In this paper the existence and reasons for informal networks and their subsequent effects on formal knowledge management policy are examined.

Introduction

In 1998 an application service provider (ASP), with the assistance of a major international consultancy company acting as its implementation partner, had coordinated the simultaneous implementation of SAP R/3 across five government agencies. Three years later, this ASP, like several other organizations following the spate of Enterprise Systems (ES) implementations prior to the turn of the century, was facing its first major upgrade. The ASP General Manager (GM) appreciated the need to recall the lessons and practices from these initial projects as the extent and cost of these major upgrades were likely to match or exceed those of the initial implementation. The GM had long recognised the importance of knowledge capture, access, sharing and re-use, both for the current upgrade process and for future upgrades, and university researchers had already been engaged with the ASP in a number of research projects in the area of knowledge management within an ES environment (Chan & Rosemann, 2000; Chang, Gable, Smythe & Timbrell, 2000; Timbrell & Gable, 2001).

Knowledge of the forthcoming upgrade and the awareness of a newly published paper, "Theory of Knowledge Reuse: Types of Knowledge Reuse Situations and Factors in Reuse Success" (Markus, 2001) provided an opportunity to test the validity of the paper's typology of knowledge reuse and to concurrently provide research data that might assist the ASP in providing conditions under which successful knowledge reuse was likely to occur. An original study conducted by Timbrell & Jewels (2002) tested Markus's theory by matching the expected and actual responses to a set of predetermined questions linked