

## Chapter XVII

# Learning to Become a Knowledge-Centric Organization

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### Abstract

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*The importance of knowledge to an organization's competitive performance is widely recognized. A knowledge-centric organization is one within which the creation and management of knowledge are at the heart of its strategic thinking, operations, and activities. Knowledge-centricity can only be achieved if knowledge, and the behaviors and systems associated with its creation and management, are deeply embedded within the organization. In fact, given the dynamism of organizations and their environments, knowledge-centricity is likely to be a holy grail that organizations seek but may never find. Similarly, knowledge-centricity will evolve as a concept, as knowledge of the processes of learning, knowledge creation, and management develops over time. This chapter, therefore, represents a snapshot of the current status of the concept and offers advice on how organizations can begin to make progress towards becoming knowledge-centric. On the basis of research, the chapter identifies the primary characteristics of a knowledge-centric organization, and the tools and techniques necessary for knowledge-centric organizational development.*

## Introduction

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The creation and management of knowledge have become the focus of much management literature and research. Organizations have recognized the role of knowledge in achieving and sustaining competitive advantage, and have begun to devote considerable attention to its management. At the same time, organizations have realized that the escalating pace of technological change, the associated shortening of product lifecycles, globalization, and increasing competition require the creation of new knowledge at an ever-increasing rate (Stonehouse & Pemberton, 1999; Von Krogh, Nonaka, & Abel, 2001; Zack, 1999). Knowledge-based innovation has become the modern business imperative and continuous knowledge creation the only means by which competitive advantage can be sustained. The importance of communications and information technology (CIT) in the creation and management of knowledge has been widely documented, to the extent that there is a widely held view among managers that CIT is synonymous with knowledge management (KPMG, 2000). Indeed, developments like the Internet, extranets, intelligent databases, and groupware have made significant contributions to the creation and management of knowledge, enhancing the abilities of organizations to capture, share, store, and manipulate knowledge.

There is danger, however, in overstating the role and importance of technology. It is necessary to adopt a socio-technical perspective, where equal emphasis is placed upon the social architecture of organizations in terms of leadership, culture, structure, and systems as key forces in knowledge creation and management. Whereas technology acts largely as a knowledge enabler through which *explicit* knowledge can be captured, stored, and disseminated, it is the social architecture that largely governs an organization's ability to develop and exploit *tacit* knowledge as a key source of competitive advantage (Stonehouse, Pemberton, & Barber, 2001). The intangibility of tacit knowledge greatly limits the potential of technology in its development and management within the organization. The importance of tacit knowledge is increasingly recognized by both managers and academics alike, with the consequence that far greater attention is now paid to the social forces at work within organizations (Senge, 1990; Stonehouse & Pemberton, 1999).

This chapter develops the concept of knowledge-centricity as a socio-technical phenomenon through which organizations can enhance their abilities to create and manage both explicit and tacit knowledge, and hence to create and sustain competitive advantage. In practical terms, the chapter introduces the *knowledge-creation audit*, a tool for assessing the ability of the organization to create new knowledge, and the *knowledge-centricity matrix*, which provides a template for mapping the degree to which an organization is knowledge-centric.

## The Concept of Knowledge-Centricity

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A knowledge-centric organization is one within which knowledge is regarded as the fundamental source of superior performance and, as a direct consequence, its creation

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