



## **Chapter V**

# **Measuring Organizational Readiness for Knowledge Management**

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### **ABSTRACT**

*While organizations continue to grapple with the implementation of knowledge management, there remains a need for empirical research into the practical difficulties they encounter. In this chapter, we investigate the challenges faced by one multinational telecommunications company in a post-merger environment. We develop an instrument to evaluate the knowledge-sharing culture and information infrastructure and, by using qualitative and quantitative data from a survey of five European sites, we illustrate how managers can measure gaps between the effectiveness of current practices and their importance, and decide whether to direct resources toward changing employee attitudes, organizational practices, or knowledge-management infrastructure. More significantly, we highlight the need for senior managers to be in agreement about the strategic direction of their business and the strategic alignment between business strategy and knowledge-management strategy. Without such consensus, knowledge management is likely to remain, at best, a series of fragmented and unrelated initiatives at local levels.*

## BACKGROUND

In today's knowledge economy, it is often asserted that for organizations to compete effectively they need to focus on creating and using intellectual assets (Grant, 1996; Murray, 2002). Ask most business leaders if knowledge is important to their company's future and they will say yes without hesitation. Ask them why it is so important, or how they plan to harness their organization's knowledge for competitive advantage, and the answers will be less convincing (Pollard, 2000). The key transition is from appreciating the importance of knowledge to being capable of managing it or, perhaps more accurately, being able to create the organizational conditions that facilitate the generation, sharing, and application of knowledge (Alavi & Leidner, 2001; Collison & Parcell, 2001). Defining these appropriate organizational conditions is still a focus of research and subject to much debate. The problem is exacerbated by the fact that implementation of knowledge management is context dependent, such that there is no universal recipe or methodology (Coakes, 2003; Probst, Raub, & Romhardt, 2000).

This chapter investigates the implementation of knowledge management in a global telecommunications company that provides data network services to multinational clients. We examine the challenges of managing knowledge in a post-merger environment. In particular, our results illustrate the practical difficulties in creating a conducive knowledge-sharing culture in such a merged organization, especially when it is organized around a business unit structure. We also show how the information infrastructure assumes critical significance in underpinning knowledge-sharing efforts, particularly to move beyond localized knowledge sharing and maximize the benefits of global organizational knowledge.

Especially since the Telecom Reform Act of 1996, the telecommunications industry has been experiencing intense competition, with several competitors facing serious financial difficulty, bankruptcy, and even break-up. Coupled with the rapid rise of hybrid networks, the challenge for many surviving network providers is to maintain profit margins through efficient asset management of their physical products while migrating to a more services-oriented business model, where additional revenues derive from enhanced network solutions, integration services capabilities, and telecommunications consultancy. This places greater emphasis on the importance of managing knowledge to support and secure such a change in strategic intent (Figure 1).

Our research in the focal firm was motivated by the need to investigate the preconditions that influence the implementation of knowledge management (Alavi & Leidner, 2001; Gold, Malhotra, & Segars, 2001; Walczak & Zwart,

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