

## Chapter 4.9

# Knowledge Management in Charities

**Kathleen E. Greenaway**  
*Ryerson University, Canada*

**David C. H. Vuong**  
*Queen's University, Canada*

### INTRODUCTION

Charities, also called voluntary-service not-for-profit organizations (VSNFP), play a vital role in modern societies by addressing needs and providing services that benefit the public. These services frequently are available from neither markets nor governments. Many charitable organizations have been created to deliver or have expanded their range or scope of services as the result of governments “devolving” or transferring services to the non-profit sector (Gunn, 2004). Therefore, it is unsurprising that charities have a significant impact economically and socially. For example, volunteer work in Argentina, the United Kingdom, Japan, the United States, and is valued at 2.7, 21, 23, and 109 billion (US) dollars respectively (Johns Hopkins University, 2005). Volunteering

translates into significant resources for non-profit organizations. For example, Statistics Canada estimates that work equivalent to 1 million full-time jobs was provided through volunteer labor in 2004 (Statistics Canada, 2006). While charities are part of the non-profit sector, research demonstrates that charitable organizations differ from for-profit organizations in terms of their human capital management, management practices, and strategies (Bontis & Serenko, 2008). Failing to account for such differences may adversely affect theory (Orlikowski & Barley, 2001) and practice (Kilbourne & Marshall, 2005).

Our key question is: *What is the extent of our understanding of the role of knowledge management, both as process and system, in charitable organizations?* We discuss this question by adapting the knowledge management (KM) research framework originally developed for examining KM in knowledge-based enterprises (Staples,

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Greenaway & McKeen 2001). Many non-profits are “knowledge-intensive” organizations (Lettieri et al 2004:17). Therefore, this research model should be transferable to non-profit organizations including charities.

## **BACKGROUND**

Charities are distinguished from other types of not-for-profit organizations by their staffing (more volunteers than paid workers) and their source of revenue (more donation than fee-based) (Kilbourne & Marshall, 2005). Hence, they face a set three unique challenges. First, human resource management challenges include declining numbers of volunteers, fewer volunteers contributing more hours, and the need to constantly replenish the volunteer base (Brock, 2003). Second is the challenge of assessing organizational performance. The “bottom line” for VSPNs is outcomes-based (including knowledge) not financially-focused (Hatry, 2007). Finally, charities may be limited in their ability to invest in or to make information technology a priority because they lack IT skills and financial depth (Corder, 2001).

Complicating this picture is the way volunteerism is changing. Handy & Brudney (2007) identify four types of “volunteer labor resources” that engage with non-profits – service learning (e.g., students earning credits for hours served with charities); episodic (e.g., assisting with a fundraising event or providing expert service); virtual (e.g., providing service electronically such as web design); and long term traditional (e.g., analogous to unpaid work). Volunteer turnover and the changing nature of volunteerism create organizational memory loss which may cause charities to repeat mistakes (Walsh & Ungson, 1991). Knowledge Management (KM) initiatives provide a means for stemming this loss through increasing the retention of knowledge, facilitating the creation and acquisition of new knowledge,

and reducing the need for and associated costs of re-training volunteers.

## **KNOWLEDGE MANAGEMENT IN CHARITABLE ORGANIZATIONS**

Staples et al (2001) proposed a research framework for investigating knowledge management in knowledge-based enterprises. We adapt this model to the VSNFP context as illustrated in Figure 1. To respect space constraints, we focus primarily on the Enabling Conditions and Knowledge Capabilities of the model. Further, we assume that Human Capital results from knowledge processes (Bontis & Serenko, 2008) and that organizational transformation is the ultimate outcome (Hurley & Green, 2005) for KM in non-profit settings.

### **Enabling Conditions for Knowledge Management in Charities**

*External enabling conditions:* National culture influences knowledge management processes in organizations (Ang & Massingham, 2007; Bock et al., 2005; Michailova & Hutchings, 2006). As well, it influences levels of volunteerism (Erling-hagen & Hank, 2006). However, the influence of national culture on knowledge management in VSNFPs has not been researched. *Industry* effects should also be considered (Kim & Lee, 2006). For example, Bontis and Serenko (2008) demonstrated that size matters – larger organizational size may undermine the success of KM initiatives. The charitable sector, as a sub-sector of NFP, is heterogeneous in its makeup (Lettieri et al., 2004:17). Charities provide a variety of types of services (e.g., healthcare, housing, arts) through a variety of types of organizations (e.g., different sizes, missions). Hence, this context may require different models for KM deployment.

*Internal enabling conditions:* Organizational culture and institutions characterized by trust, communication, reward systems (Constant et al., 1994),

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