



Chapter XVIII

Knowledge Management in Governance

The knowledge-based view of the firm has established itself as an important perspective in strategic management. This perspective builds on the resource-based theory of the firm. The knowledge-based view of the firm implies that information systems are designed to support knowledge management in organizations.

Knowledge management can be defined as a method to simplify and improve the process of sharing, distributing, creating, capturing, and understanding knowledge in a company. Knowledge management is description, organization, sharing, and development of knowledge in a firm. Knowledge management is managing knowledge-intensive activities in a company. Knowledge management refers to identifying and leveraging the collective knowledge in a company to help the company compete. Knowledge management is a method for achieving corporate goals by collecting, creating and synthesizing and sharing information, insights, reflections, thoughts, and experience. Knowledge management is a discipline focused on systematic and innovative methods, practices, and tools for managing the generation, acquisition, exchange, protection, distribution, and utilization of knowledge, intellectual capital, and intangible assets (Montana, 2000).

The purpose of knowledge management is to help companies create, share and use knowledge more effectively. Effective knowledge management causes fewer errors, less work, more independence in time and space for knowledge workers, fewer questions,

better decisions, less reinventing of wheels, improved customer relations, improved service, and improved profitability. Knowledge management is purported to increase both innovation and responsiveness. The recent interest in organizational knowledge has prompted the issue of managing knowledge to the organization's benefit (Alavi & Leidner, 2001).

IS/IT in Knowledge Management

As we trace the evolution of computing technologies in business, we can observe their changing level of organizational impact. The first level of impact was at the point work was done and transactions (e.g., orders, deposits, reservations) took place. The inflexible, centralized mainframe allowed for little more than massive number crunching, commonly known as electronic *data* processing. Organizations became data heavy at the bottom and data management systems were used to keep the data in check. Later, the management *information* systems were used to aggregate data into useful information reports, often prescheduled, for the control level of the organization — people who were making sure that organizational resources like personnel, money, and physical goods were being deployed efficiently. As information technology (IT) and information systems (IS) started to facilitate data and information overflow, and corporate attention became a scarce resource, the concept of *knowledge* emerged as a particularly high-value form of information (Grover & Davenport, 2001).

Information technology can play an important role in successful knowledge management initiatives. However, the concept of coding and transmitting knowledge in organizations is not new: training and employee development programs, organizational policies, routines, procedures, reports, and manuals have served this function for many years. What is new and exciting in the knowledge management area is the potential for using modern information technology (e.g., the Internet, intranets, extranets, browsers, data warehouses, data filters, software agents, expert systems) to support knowledge creation, sharing and exchange in an organization and between organizations. Modern information technology can collect, systematize structure, store, combine, distribute, and present information of value to knowledge workers (Nahapiet & Ghoshal, 1998).

According to Davenport and Prusak (1998), more and more companies have instituted knowledge repositories, supporting such diverse types of knowledge as best practices, lessons learned, product development knowledge, customer knowledge, human resource management knowledge, and methods-based knowledge. Groupware and intranet-based technologies have become standard knowledge infrastructures. A new set of professional job titles — the knowledge manager, the chief knowledge officer (CKO), the knowledge coordinator, and the knowledge-network facilitator — affirms the widespread legitimacy that knowledge management has earned in the corporate world.

The low cost of computers and networks has created a potential infrastructure for knowledge sharing and opened up important knowledge management opportunities. The computational power as such has little relevance to knowledge work, but the communication and storage capabilities of networked computers make it an important enabler of

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