

Knowledge Management and Organizational Learning as Key Performance Factors

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Abstract

The concept of knowledge management represents the planning, organizing, motivating, and controlling of people, processes and systems in the organization to ensure that its knowledge-related assets are improved and effectively employed. Knowledge-related assets include knowledge in the form of printed documents such as patents and manuals, knowledge stored in electronic repositories such as a “best-practices” database, employees’ knowledge about the best way to do their jobs, knowledge that is held by teams who have been working on focused problems and knowledge that is embedded in the organization’s products, processes and relationships.

Keywords: Database, Organizational Performance, Knowledge Capabilities, Socialization

JEL Classification: D83, L25, Z1

Introduction

The processes of knowledge management (KM) involve knowledge acquisition, creation, refinement, storage, transfer, sharing, and utilization. The KM function in the organization operates these processes, develops methodologies and systems to support them, and motivates people to

participate in them. The goals of KM are the leveraging and improvement of the organization's knowledge assets to effectuate better knowledge practices, improved organizational behaviors, better decisions and improved organizational performance.

Although individuals certainly can personally perform each of the KM processes, KM is largely an organizational activity that focuses on what managers can do to enable KM's goals to be achieved, how they can motivate individuals to participate in achieving them and how they can create social processes that will facilitate KM success. Social processes include communities of practice – self-organizing groups of people who share a common interest – and expert networks – networks that are established to allow those

Knowledge Management Systems

Knowledge management systems (KMS) are applications of the organization's computer-based communications and information systems (CIS) to support the various KM processes. They are typically not technologically distinct from the CIS, but involve databases, such as “lessons learned” repositories, and directories and networks, such as those designed to put organizational participants in contact with recognized experts in a variety of topic areas.

A significant difference between many knowledge management systems and the organization's CIS is that the KMS may be less automated in that they may require human activity in their operation. While information systems typically require that humans make choices in the design phase and then operate automatically, KMS sometimes involve human participation in the operation phase. For instance, when a sales database is designed, people must decide on its content and structure; in its operational phase, it works automatically. When a “lessons learned” knowledge repository is created, people must make all of the same design choices, but they must also participate in its operational phase since each knowledge unit that is submitted for inclusion is unique and must be assessed for its relevance and importance.

Organizational Learning

There are various ways to conceptualize the relationship between knowledge management and organizational learning (OL). Easterby-Smith and Lyles (2003) consider OL to focus on the process, and KM to focus on the content, of the knowledge that an organization acquires, creates, processes

and eventually uses. Another way to conceptualize the relationship between the two areas is to view OL as the goal of KM. By motivating the creation, dissemination and application of knowledge, KM initiatives pay off by helping the organization embed knowledge into organizational processes so that it can continuously improve its practices and behaviors and pursue the achievement of its goals. From this perspective, organizational learning is one of the important ways in which the organization can sustainably improve its utilization of knowledge.

The figure below shows that KM processes directly improve organizational processes, such as innovation, collaborative decision-making, and individual and collective learning. These improved organizational processes produce intermediate outcomes such as better decisions, organizational behaviors, products, services and relationships. These, in turn, lead to improved organizational performance:

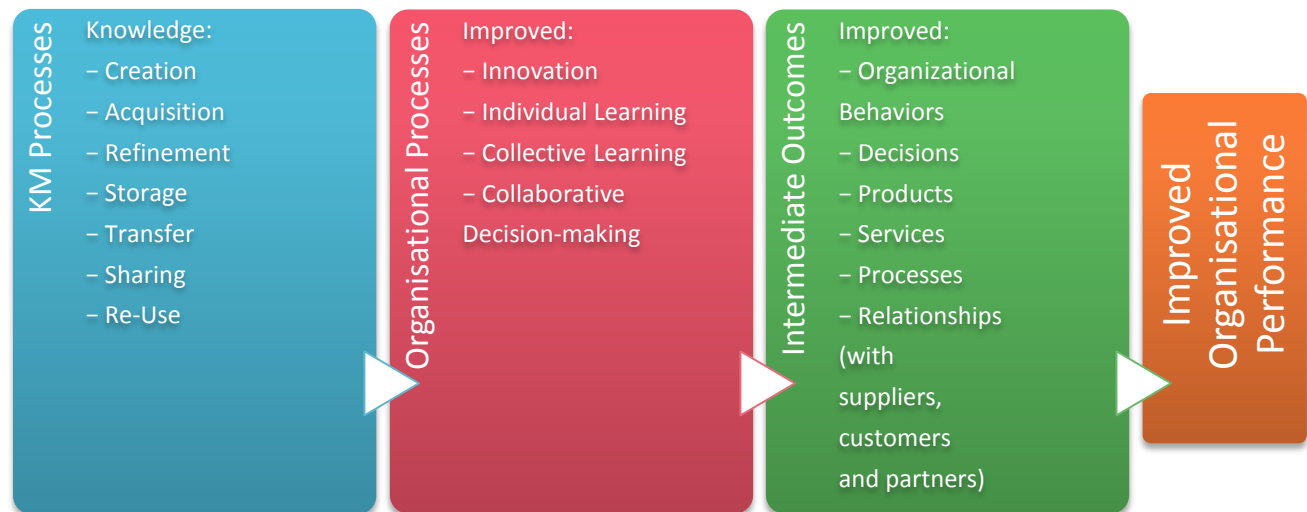


Figure 1: Knowledge Management in an Organization

Source: Earl, M. (2001) - Knowledge management strategies. Journal of Management Information Systems

Most organizations focus primarily on one or the other of two broadly defined KM strategies – “codification” or “personalization”. Codification is primarily implemented in the form of electronic document systems that codify and store knowledge and permit its easy dissemination and re-use. This strategy is based on “re-use economics” – invest once in creating or acquiring a knowledge asset and

re-use it many times. Personalization, on the other hand, focuses on developing networks to facilitate people-to people knowledge transfer and sharing. It is based on “expert economics” – channeling individual expertise to others with less expertise who may employ it to further the organization’s goals. Earl (2001) has described various KM strategies, or “schools of thought” at a more detailed level. He developed these empirically through observation in numerous companies. They are listed below in groups that emphasize their reliance on either the codification or a personalization approach.

Codification Sub-Strategies – Earl’s codification-oriented sub-strategies are:

1. Systems (creating and refining knowledge repositories and on motivating people to provide content)
2. Process (developing and using repeatable processes that are supported with knowledge from previously conducted processes)
3. Commercial (the management of intellectual property such as patents, trademarks, etc.)
4. Strategic (the development of “knowledge capabilities” that can form the foundation of competitive strategy)

Personalization Sub-Strategies – Earl’s personalization-oriented sub-strategies are:

5. Cartographic (creating knowledge “maps” or directories and networks to connect people)
6. Organizational (providing groupware and intranets to facilitate communities of practice)
7. Social (spatial) (socialization as a means of knowledge creation and exchange; emphasizes the providing of physical “places” to facilitate discussions).

While some organizations focus on only one of these strategies or sub-strategies, many use a combination of strategies that suits their needs.

The Organization of KM

KM is conducted in many different ways in organizations. Often, the KM function is headed by a Chief Knowledge Officer (CKO). If the organization’s KM strategy is straightforward, the CKO may lead a KM Department. In more complex situations, with a diverse set of KM strategies being implemented, the cultural differences that are inherent in different strategies suggest that a single department may not be the best way to organize KM. In such instances, the communications linkages among various KM groups are of great importance. Related to this is the perceived role of organizational culture in influencing KM practice and success. A “knowledge culture” is one particular variety of organizational culture representing a way of organizational life that enables and

motivates people to create, share and utilize knowledge for the benefit and enduring success of the organization.

Organizational culture is believed to influence the knowledge-related behaviors of individuals, teams, organizational units and overall organizations because it importantly influences the determination of which knowledge it is appropriate to share, with whom and when.

Also, a recent case study (Wahyuningsih, Astuti & Al Musadieq 2013) revealed that although the influence of Organizational Learning on Organizational Performance is directly greater than the indirect effect, it is clear that Organizational Learning is the dominant influence on Knowledge Management directly, as well as the direct influence of the Knowledge Management on Capability of Organizational is also quite large, so the increase in Organizational Learning increases Organizational Performance in the long run, meaning that organizations can improve performance by increasing the Organizational Learning and Knowledge Management so Capability of Organizational will increase, and will ultimately have an impact on improving organization performance.

Extra-organizational KM

KM may be conducted across multiple organizations, such as with suppliers, partners and customers. Such KM activities obviously rely on communications networks and systems. “Value supply chain” inter-organizational networks are in common usage to enable retailers such as Wal-Mart to interact with suppliers to ensure that inventories are always of desired levels on retail shelves, in retail stockrooms and in warehouses and that deliveries are made according to a predetermined schedule. These systems operate on an “automatic” basis that is made possible by the knowledge that is embedded in the software by the participating partners. The well-known Linux software development project is an example of the effective utilization of a loose network of volunteer knowledge creators. It operates with two parallel structures – one which represents the current “approved” version of the system and the other in which enhancements are continuously being developed and tested.

Conclusion

Knowledge management is a set of relatively new organizational activities that are aimed at improving knowledge, knowledge-related practices, organizational behaviors and decisions and

organizational performance. KM focuses on knowledge processes – knowledge creation, acquisition, refinement, storage, transfer, sharing and utilization. These processes support organizational processes involving innovation, individual learning, collective learning and collaborative decision making. The “intermediate outcomes” of KM are improved organizational behaviors, decisions, products, services, processes and relationships that enable the organization to improve its overall performance.

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