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**STATEMENT OF THE PROBLEM**

**OBJECTIVES**

**HYPOTHESES**

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**KNOWLEDGE MANAGEMENT: A CONCEPTUAL UNDERSTANDING**

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**HYDERABAD**

**ABSTRACT**

*To overcome the pressure of increasing competition, organizations are finding ways on how better they can manage their intellectual capital. Knowledge management is one key aspect which helps in managing the intellectual assets of an organization in a proper manner. It is playing a key role in an organization and helping it to reach its pre-set goals and objectives. To understand the importance and prominence of knowledge management, having a clear understanding of the principles and dimensions of knowledge management is needed. This article concentrates on the principles and various dimensions of knowledge management.*

**KEYWORDS**

Knowledge management, Personal knowledge management, Team knowledge management, Organizational knowledge management, Inter-organizational knowledge management, knowledge management processes, Knowledge management strategy, Knowledge management system and tools.

**INTRODUCTION**

The 17<sup>th</sup> century is marked by scientific revolution, 18<sup>th</sup> century by political revolution, 19<sup>th</sup> century by industrial revolution, 20<sup>th</sup> century by information revolution and the 21<sup>st</sup> century by knowledge revolution. Knowledge has become a crown jewel of every business firm and organization. With the increasing number of knowledge assets available with an organization, efficient management of these assets has become a critical issue and the knowledge management has proved a key to the issue.

Knowledge management is applied around the world in all industrial sectors, public and private organizations, humanitarian institutions and international charities today. To understand how knowledge management is helping in an organization's success, it is important to first know what is 'Knowledge' and 'Knowledge management'.

**UNDERSTANDING DATA, INFORMATION AND KNOWLEDGE**

Data includes facts and figures that convey something specific but it is not organized into a proper understandable form.

For data to become information, it has to be contextualized, categorized, calculated and condensed. Information helps in conveying the data in a proper manner. This includes indicating patterns of sales in yearly reports.

Knowledge is a theoretical and practical understanding of a subject and it forms the core essence of an organization's assets.

**COMPONENTS ADDING UPTO KNOWLEDGE ASSETS**

The staff, customers and partners of an organization add up to what is called the knowledge asset or knowledge base.

**TYPES OF KNOWLEDGE**

Knowledge is of the following three types:

- **EXPLICIT KNOWLEDGE:** is knowledge in formal language which can be transmitted among individuals synchronously and asynchronously.
- **TACIT KNOWLEDGE:** is the personal knowledge gained out of individual experience and is affected by personal beliefs, instincts and values.
- **IMPLICIT KNOWLEDGE:** Certain knowledge can be retrieved from its owner and transformed into a more readily sharable knowledge. The third type of knowledge created in an organization using such a process is called implicit knowledge.

**UNDERSTANDING KNOWLEDGE MANAGEMENT**

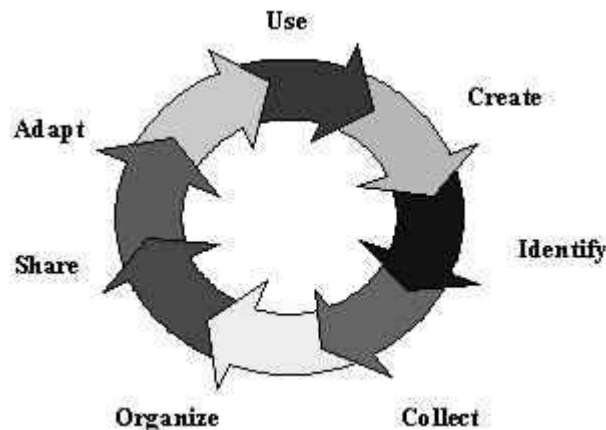
Knowledge management is about making the right knowledge available to the right people at the right time. Knowledge management ensures that every member of the organization learns and uses the knowledge assets available in current applications to increase the results of the organization. Peter Drucker has given a statement about knowledge management which says that "the coordination and exploitation of organizational knowledge resources, in order to create benefit and competitive advantage" (Drucker 1999).

A definition is presented by Davenport & Prusak (2000), which states that KM "is managing the corporation's knowledge through a systematically and organizationally specified process for acquiring, organizing, sustaining, applying, sharing and renewing both the tacit and explicit knowledge of employees to enhance organizational performance and create value."

Knowledge management is responsible for understanding

- What an organization knows?
- Where this knowledge is located? Eg: mind of specific expert, old files, specific department or specific team
- What form is this knowledge stored? Eg: on paper, in system
- How well this knowledge can be transferred to relevant people to use it to best advantage? Eg: setting up a mentoring system between experienced and new employees
- The need to assess the organization's knowledge assets and the actual needs of the organization and act accordingly. Eg: by hiring or firing, organizing constant meetings to review the current situation of the organization.

Knowledge management is a branch which enables individuals, teams, organizations and communities to systematically create, identify, collect, store, organize, share, adapt and apply their knowledge to meet the organizational goals and objectives. Knowledge management is more about action than being.



### CONCEPT OF KNOWLEDGE MANAGEMENT

To understand how knowledge management is helping the business firms to fight the competition and withstand the pressure of competitors, study of principles and dimensions of knowledge management is necessary.

### WHY KNOWLEDGE MANAGEMENT IS USEFUL?

Knowledge management is useful to an organization because it assesses the current knowledge available and how this knowledge can be exploited and applied to the advantage of the organization. In other words:

- It helps firms to learn from past mistakes and successes.
- It helps in exploiting the current knowledge available and using it in another department.
- It promotes a long term focus on developing the right skills and removing obsolete knowledge.
- It enhances innovative ability of the firm.
- It increases the firm's ability to protect its knowledge from being lost or copied.

### ASPECTS THAT MAKE KNOWLEDGE MANAGEMENT POSSIBLE

The following are the aspects which make knowledge management possible:

- **Culture:** One which is supportive of knowledge management, and the processes it implies - particularly knowledge sharing.
- **Infrastructure:** Support systems, teams, structures, and collaboration.
- **Measures:** Developing a process and design for managing change.
- **Technology:** Can offer great advantages in certain areas. Similarly, if misused, it can sabotage the KM process.

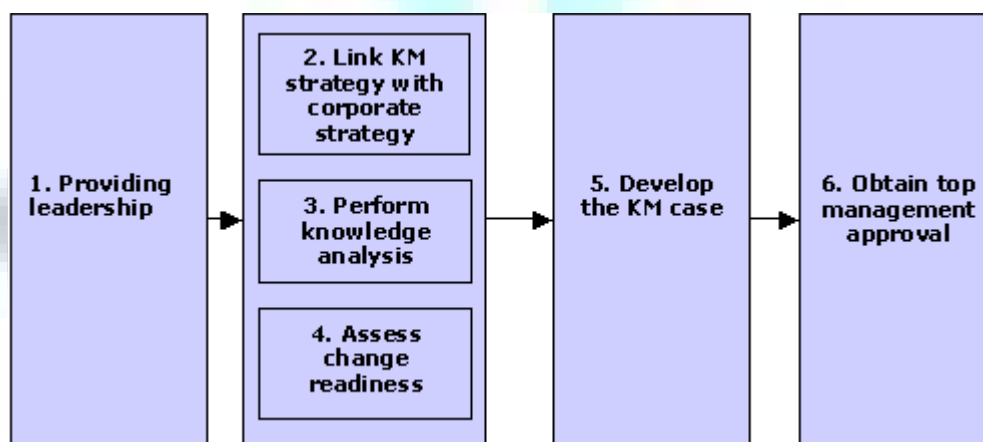
### KNOWLEDGE MANAGEMENT METHODOLOGY

The KM methodology proposes a stage-wise approach to enable creative thinking, planning and implementation of knowledge management in an organization. It creates awareness about the benefits of knowledge management.

The various stages involved in knowledge management methodology are:

- **STAGE 1:** Strategic planning for knowledge management:

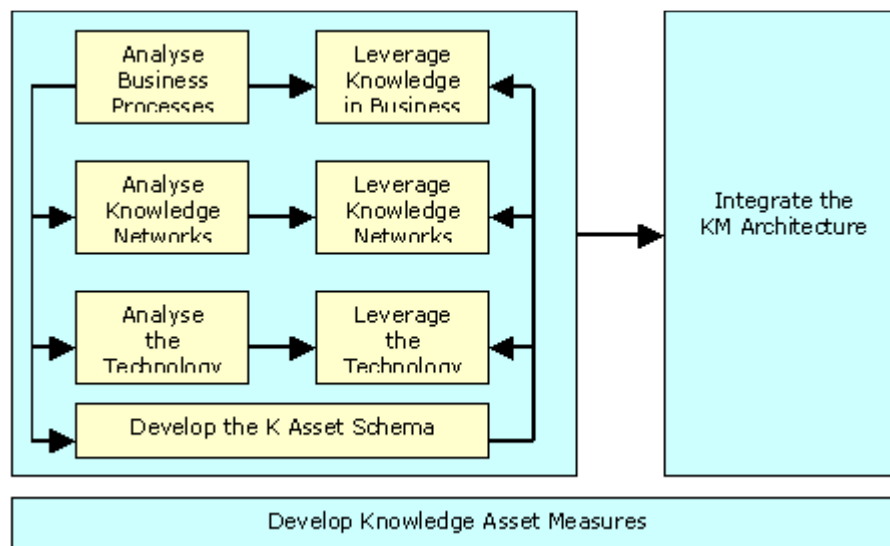
In this stage, the organization takes an initiative to implement knowledge management readily.



- **STAGE 2:** Developing the knowledge enabled organization:

An organization develops itself into a knowledge based organization. The knowledge management process is embedded into the projects of the organization.



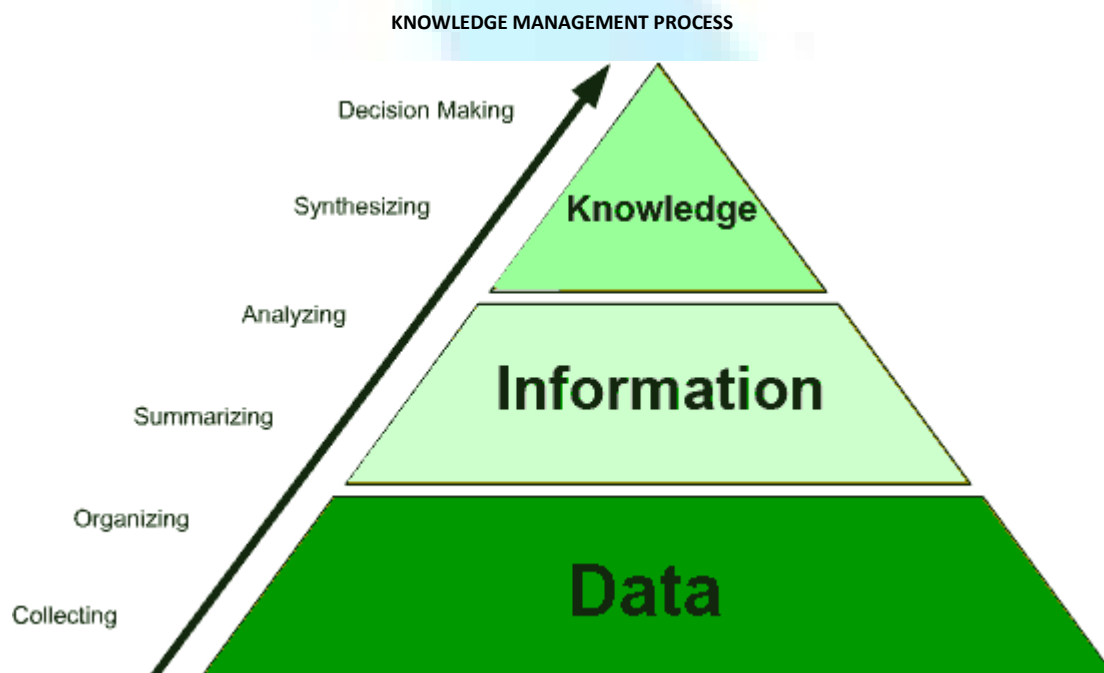


• **STAGE 3: Operate and measurements:**

This stage involves the company wide implementation of the KM initiative. It also involves measuring of creation, sharing and use of knowledge assets of an organization.

### KNOWLEDGE MANAGEMENT PROCESS

The knowledge management process includes 6 steps in which data is transformed in to knowledge.



#### STEP 1: COLLECTING

The data collected by organizations should be correct and relevant. If irrelevant data is collected, the decisions made by the organization based on such data will be incorrect. The data collection process is important step involved in knowledge management process.

Data collection includes data collection points, data extraction techniques and data storage. Data collection can be in the form of daily and monthly sales reports, daily attendance reports, etc. The collection process is followed by data extraction tools and techniques. For example, the sales reports on paper are entered into a database i.e., the collected data is converted into a more accessible form. Finally, the data has to be stored. This storage of data is done by software programs adopted by the respective organizations.

#### STEP 2: ORGANIZING

The raw data that has been collected and stored should now be processed into useful information. This conversion of data into useful information is called organizing the data. The data organization is done based on certain rules which are specific to that business firm. The organization of data in a proper manner without any repetitions is important.

#### STEP 3: SUMMARIZING

The information obtained is now summarized i.e., lengthy information is expressed as tabular columns and readable charts. The essence is extracted and presented. There are various tools such as software programs which can help in summarizing the information.

#### STEP 4: ANALYZING

The analysis of the summarized information is done by a team of experienced professionals to identify any characteristic relationships, patterns or similarities. The analysis is finally created.

**STEP 5: SYNTHESIZING**

In this step, the information turns in to knowledge. The results of the analysis are put together to synthesize and derive new theories and concepts. The pattern shown by any one entity can be applied to other entities and knowledge base can be extended to all the products.

**STEP 6: DECISION MAKING**

The knowledge derived from the results of analysis is used in the decision making process of the organization. If decision has to be taken about a project, the analysis reports of the previous projects are studied thoroughly and decisions are made in a proper manner. This saves time. Wastage & misuse of resources is decreased.

**KNOWLEDGE MANAGEMENT STRATEGY**

Knowledge management strategy includes managing organizational structures, organizational culture change, managing core competencies, managing external networks and knowledge management systems.

- **Managing organizational structures:**

Organizational structure refers to the layout of the company and the bodies existing within it. There are two types of organizational structure which are dependent on each other: formal and informal.

1. **Formal structure:** The official structure of the organization displayed on an organizational chart and which denotes the hierarchical relationships between the members of the firm. The formal organizational structure should not be enforced rigidly so as to suppress the informal structures. This structure impacts knowledge flow in an organization.
2. **Informal structure:** The unofficial organizational structures are the ones which are created through informal networks working within an organization. They represent the way how people interact.

- **Organizational culture change:**

Organizational culture represents the way in which tasks are accomplished in an organization, including the values, beliefs and attitude that generates a common way of interpreting the events. Hence knowledge sharing and knowledge management depend upon organizational culture.

Trust is an important aspect where workers need to feel secure that they are not at a risk by indulging themselves in knowledge sharing. Knowledge management must create a culture where knowledge sharing is beneficial to both individual and the organization. Managing organizational culture is a key role of knowledge management.

There is a continuous change in organizational culture depending on the needs of the organization. Organizational culture can be managed by acknowledging the existence and influence of organizational culture, having a clear and visible idea of what culture is and what changes need to be applied and consciously manage culture.

- **Manage core competencies:**

Core competencies refer to the firm's primary expertise. Knowledge management helps in turning core competencies into profitable products. To understand role of knowledge management, it is important to know how core competencies are managed. Core competencies are managed in the following manner:

1. **Identifying and assessing the core competencies:**

The firm should understand its key competencies, analyse and assess what the firm is having and what it actually needs. KM is responsible to identify where the required knowledge is located and to identify the knowledge gaps.

2. **Sustaining core competencies:**

The role of KM is to keep a stock of knowledge assets and transfer this knowledge across the organization. This will help in sustaining the core competencies of an organization.

3. **Building core competencies:**

Knowledge assets must be built, enhanced, combined and coordinated in the organization where there is a scope for innovation and experimentation. The KM helps in building up of tacit knowledge and expertise in various sections or departments of the organization.

4. **Unlearning core competencies:**

Organizations keep following older methods to which they get accustomed. But for the growth of the organization it is necessary to unlearn the core competencies which are no more useful to the organization. The KM plays an important role in unlearning core competencies. It identifies and manages the firm's knowledge assets in an efficient manner.

- **Manage external knowledge network:**

The major potential external knowledge sources were identified as customers, suppliers, competitors, partners, mergers and acquisitions. Each of these sources offer a different set of potential knowledge. The general steps for extending external knowledge networks are as follows:

- **Identification of potential partner/target:** It is important to identify a potential partner in which both of them are benefitted to reach the organizational goals.
- **Evaluation of potential partner/target:** In joint ventures, it is necessary to evaluate the potential partner, estimate the cost contributions, estimate cost of establishing a relationship and estimate cost of acquiring the same knowledge from a different source.
- **Establishing the relationship/ Acquisition of target:** For establishing a relationship with customers and suppliers, procedures and rules should be set up about the nature of relationship and what things will be shared should also be noted. For establishing a relationship with the mergers and acquisitions, creation of new organizational structure can take place.
- **Knowledge transferral/integration:** This includes the processes that gather and use knowledge and the know-how about the various relationships of the firm with different sources.

The role of KM in managing the external knowledge networks are as follows:

- Provide all information about internal knowledge assets
- help in the evaluation process
- encourage knowledge sharing and integration
- gather, integrate and share relevant external knowledge and information

- **Knowledge management systems:**

Knowledge management systems refer to any kind of IT system that stores and retrieves, improves collaboration, locates knowledge sources, mines repositories for hidden knowledge, captures and uses knowledge, or in some other way enhances the KM process. To design and create a knowledge management system, there are two types of knowledge which are required:

1. Technical programming and design know-how
2. Organizational understanding of knowledge flow

But the problem is that one person has no information about both types of knowledge. Hence, there is a failure of knowledge management systems. The failure factors include:

- Thinking that technology is itself knowledge management.
- Failure to understand the needs of the organization
- Inappropriate quality measures.
- Inadequate managerial and technical support during implementation as well as use of the technology.
- Inability to understand the specific function and limitation of each system.
- Lack of organizational acceptance.

- Lack of understanding the knowledge dynamics and difficulty in transferring the tacit knowledge.

## PROMOTING ACCEPTANCE AND USEFULNESS

The following are the steps needed while introducing knowledge management system:

- **Knowledge management system organizational fit:**

- Start with internal analysis of the firm.
- Evaluate information/knowledge needs so that the system needed to supplement them can be created.
- Make a cost-benefit analysis such as analyse the size of the firm, number of users, frequency of use, type of use, security issues, training costs, etc.
- Analyze the existing practices and determine if the system will enhance or hinder the process.

- **Knowledge management system acceptance:** Acceptance depends on the following factors:

- Include the users in the design and implementation process.
- Involve the user in evaluation of the system
- Make the system use-friendly
- Support different forms of stored knowledge
- Provide adequate managerial and technical support
- Product champions are used to promote the new systems throughout the organization

- **Knowledge management system continued use:**

The continues use of knowledge management system depends on perceived attractiveness of the system and the content management issues. These factors donot apply to all systems. Some of them are readily accepted these days such as email.

## KNOWLEDGE MANAGEMENT ROLES AND RESPONSIBILITIES

To implement knowledge management effectively and efficiently, some new roles and responsibilities are required:

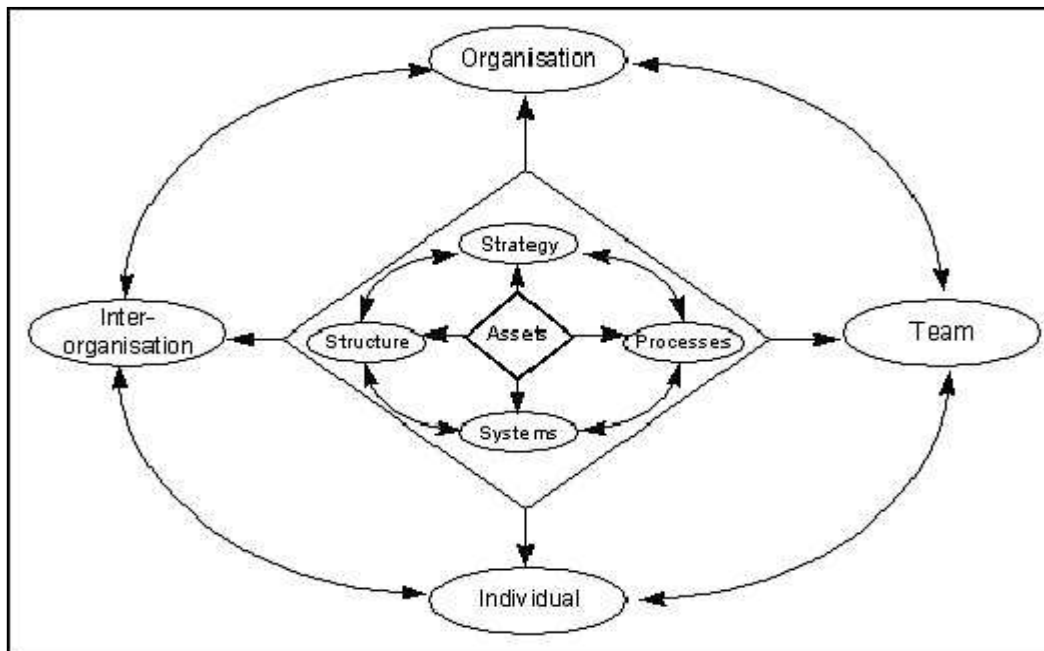
- **Chief knowledge officer:**  
The chief knowledge officer manages the organizational knowledge effectively to reach the organizational goals and objectives.
- **Knowledge base owner:**  
The knowledge base owner is responsible for conducting the best knowledge processes and reviews new knowledge.
- **Knowledge manager:**  
The knowledge manager is aware of the benefits of knowledge management and knowledge assets. The knowledge manager is responsible for harvesting knowledge and ideas and transferring them to the knowledge base owner. The role is to identify and assess the knowledge and intellectual capital of the organization and putting it to maximum use for the benefit of the organization.
- **Knowledge worker:**  
Knowledge worker assesses and effectively manages knowledge at individual and team level.
- **Knowledge management consultant:**  
The knowledge management consultant assesses the risk of knowledge sharing, carries audits to revise and check the current knowledge management processes and intellectual capital. The knowledge management consultant innovates and experiments and shows creativity in organizational knowledge management.

## UNDERSTANDING THE DIMENSIONS OF KNOWLEDGE MANAGEMENT

A successful knowledge management has 4 critical dimensions: personal knowledge management, team knowledge management, organizational knowledge management and inter-organizational knowledge management.

- **Personal knowledge management:** Knowledge management at personal level includes an individual's personal knowledge, capabilities and experiences. This dimension of knowledge management involves strategies used at personal level for capture, creation, innovation, application, analysis, synthesis, communication and sharing of knowledge. Personal knowledge management has been increased by mobiles, cameras, camcorders, ipads, personal computers, search engines, etc. The concept of personal knowledge management will reduce pressure and stress, increase personal productivity and creativity and will improve the work environment.
- **Team knowledge management:** A team of individuals having good collaboration and cooperation among themselves will transfer knowledge faster and more efficiently. The team leader can produce new knowledge along with the transfer of existing knowledge. The entire team has to work in coordination to achieve the targets and pre-set goals.
- **Organizational knowledge management:** It starts by identifying the critical knowledge assets of the organization that are needed to achieve its objectives and then sets out to develop those assets as fast as possible. To do this, the organization sets up an infrastructure throughout the organization to enable the identification, capturing, storing, sharing and applying of knowledge, retention and the re-use of knowledge assets. More continuous and collective processes, to capture new learning's and ideas before, during, and after work events, and then turn them into good practice and knowledge repositories are implemented. Organization-wide expert locators, and communities of practice, to accelerate knowledge flows, are developed. The tools used for organizational knowledge management include intranets, network and community tools, powerful searches, blogs, tweets, etc.
- **Inter-organizational knowledge management:** This refers to inter-enterprise relationship and partnerships, knowledge networks with customers, suppliers, partners, competitors, sub-contractors, etc. Inter-Organizational knowledge management is based on the identification of most valuable knowledge resources which can be outside the organization. Commercial organizations and educational establishments are increasingly co-partnering with customers, suppliers and even competitors, to collaborate, share and develop new knowledge and innovative products and services, together as one.

### KNOWLEDGE MANAGEMENT FRAMEWORK



For the implementation of knowledge management principles, knowledge management framework is essential.

### PRINCIPLES OF KNOWLEDGE MANAGEMENT

A principle is a fundamental truth which has four characteristics:

- They are timeless.
- They do not undergo any change. Knowledge changes but not principles.
- They are universal and are applied everywhere.
- They are scalable i.e., the same principles are applicable at all levels (individual, team, organization, intra-organization).

The following are the principles of knowledge management which are linked to various aspects of the KM framework:

#### Principles linked to KM strategy:

- Shared vision and values will help people to focus and work efficiently and the knowledge management strategy as such should be designed.
- As a learning organization, it is important to analyse what has been learnt rather than what tasks were performed.
- Knowledge management is situational.
- The organization should be both a learning and knowledge driven organization.
- Competitive collaboration and cooperation should be practised in an organization.

#### Principles linked to KM process:

- The wheel of knowledge management process should not be re-invented.
- The same mistakes should not be repeated.
- For effective and efficient knowledge management, work processes and strategies must be improved to reach the organizational goals.
- Every time a work is repeated, care should be taken to do it better than the last time.

#### Principles linked to KM structure:

- Knowledge naturally resides and grows in an organization which is knowledge driven.
- Knowledge is created best and applied in federal organizations.
- Knowledge society is an "organization of organizations".

#### Principles linked to systems and tools:

The knowledge systems and tools should support knowledge driven organizations and strategies.

#### Principles linked to inter-organizational-KM:

Partners, customers and stakeholders do not know anything unless it is needed.

#### Principles linked to organizational-KM:

- If the organization knows what knowledge it is having, it can become three times better than what it is today.
- Effective organizational KM is a result of effective personal and team knowledge management.
- Demonstration of KM principles, managing the risks, gaining success and implementing KM in the organization is the main principle.

#### Principles linked to team KM:

Team Knowledge Management is concerned with creating, sharing and applying knowledge as a team, by working more effectively together as one.

#### Principles linked to personal KM:

- Organizations benefit only from people who learn and enhance knowledge.
- What gets rewarded gets done.
- Naturally trust, communicate, learn and share knowledge.
- People should be taught to learn new things.

### PRINCIPLES OF KNOWLEDGE MANAGEMENT IN GENERAL

The principles of knowledge management linked to various aspects of KM framework have been discussed above. But it is also essential to understand the principles of KM in general. There are 10 general principles of knowledge management which are necessary to implement knowledge management in an organization:

#### 1. Knowledge management is expensive:

Knowledge is an organizational asset but its management requires the investment of other assets such as money and labour. Employees of an organization need to be trained to capture, organize and categorize knowledge for which many tools are required.



**2. Effective knowledge management requires people and technology:**

A knowledge driven organization should use both humans and machines to effectively manage knowledge. The machines such as computers, laptops help in processing information readily and converting into knowledge. But the final interpretation is done by people working in the organization and decisions are made accordingly.

**3. Knowledge management is highly political:**

Since knowledge is associated with power, money and success, there will also be some amount of political influence. Managers will acknowledge the value of politics and cultivate its use.

**4. Knowledge management requires knowledge managers:**

Knowledge management deals with key aspects of the organization such as labour, money and capital. Hence, managers who can effectively manage the capital and resources of the organization are needed. The role of a knowledge manager is collecting and categorizing knowledge, establishing a knowledge-oriented technology infrastructure and monitoring the use of knowledge.

**5. Knowledge management benefits more from maps than models, more from markets than hierarchies:**

Letting the market work means that knowledge managers try to make knowledge as attractive and accessible as possible, and then observe the results.

**6. Sharing and using knowledge are often unnatural acts:**

Knowledge is not shared or used naturally. The knowledge sharing is uncommon and the knowledge coming from others is also looked upon suspiciously.

**7. Knowledge management means improving the knowledge work processes:**

It is important to address and improve the generic knowledge management process, but knowledge is generated, used and shared intensively through a few specific work processes. While the details vary by company and industry, these include market research and product design and development, and even more transactional processes like order configuration and pricing. If real improvements are to be made in knowledge management, gains must occur in these key business processes.

**8. Access to knowledge is only the beginning:**

Access and attention are required for successful knowledge management.

**9. Knowledge management never ends:**

Knowledge management is a never-ending process. This is because knowledge is constantly changing and different categories of knowledge are developing. Companies also change their strategies and organizational structure from time to time depending on the organization's needs and requirements in order to stand the competition in the market.

**10. Knowledge management requires a knowledge contract:**

Knowledge is really becoming a more valued resource in organizations. Hence, attention to the legalities of knowledge management has increased.

**BASIC APPLICATIONS OF KNOWLEDGE MANAGEMENT**

The basic applications of knowledge management are:

- Intermediation – connecting knowledge owner to knowledge seeker
- Externalization – capturing and categorizing knowledge
- Internalization – retrieving knowledge in a personal manner
- Cognition – applying knowledge to the business process

**CONCLUSION**

The understanding of knowledge and knowledge management is possible by analysing the methodology, process and strategy of knowledge management. A clear knowledge about the roles and responsibilities, dimensions and principles of knowledge management helps in further assessment of various aspects of knowledge management. From the above study, it is clear that for an organization to run effectively and efficiently, managing knowledge is essential. For a firm to stand in the competitive market, the company has to identify, categorize and manage its knowledge assets. The company has to keep changing the strategies it uses based on the situational needs of the organization to achieve its goals.

**FURTHER RESEARCH SCOPE**

These principles, dimensions and strategies of knowledge management can be extended to understand the knowledge management applications in the various industries.

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