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ANALYSIS AND EVALUATION OF THE KNOWLEDGE MANAGEMENT

There is a huge amount of knowledge in any organization. People at all levels have accumulated knowledge about what customers want, about how best to design products and processes, about what has worked in the past and what has not. A company that can collect all that knowledge and share it between employees will have a huge advantage over an organization that never discovers what its people know. Organizations must pay much more attention to the incentives that key workers have to share knowledge, and not focus only on developing the mechanisms that enable them to do so.

1. Introduction

Exponential growth of information in the knowledge economy focuses attention to the importance of managing knowledge in organizations. Specially the organizations, those that recognize the value of knowledge within their organizations, can grow and prosper through knowledge management.

It takes examples and lessons from some of the world's most successful businesses, corporations, including Shell Oil, British Aerospace, Dow Chemical, Hallmark, Pillsbury, Pfizer, Hewlet Packard, Nokia and the World Bank, and ideas from the smartest thinkers, including Peter Drucker, Michael Polanyi, and Ikujiro Nonaka.

Indeed, that is the academic world, which is the root of knowledge management.

Why has knowledge management suddenly become so prominent? And specially these days?

First, knowledge has become a competitive weapon. Manufacturing has fallen as a proportion of total economic activity in the economically advanced countries. Services, and particularly professional and consulting services, play a vastly more important role.

There is a second and related reason why knowledge management has acquired such prominence: many companies have painful experience of how easy it is to lose knowledge. The professional services, creative and consulting firms, are acutely aware of how vulnerable they are to their staff leaving. A key employee, or worse, a whole team that walks out of the door takes a huge amount of knowledge. They could also take some key customers.

A third reason why knowledge management has become so popular is that new technology makes it easier to share knowledge. At its simplest, conference calls mean that several people in different cities can talk together on the telephone. Video conferencing means they can see each other while they talk. Electronic databases make it possible to store vast amounts of knowledge, to which others can be given access. E-mail means people can communicate quickly, cheaply and over long distances. Company intranets mean staff can be given access to more information more quickly. But while new technology has made knowledge management easier, it has led many astray. Just because knowledge can be collected, this doe not mean it will be profitably used.

This is supported by new research on knowledge workers. Their work shows that organizations must pay much more attention to questions how to share knowledge and to culture, commitment, motivation and involvement.

Management consultancies, architectural practices, advertising agencies and law and accountancy firms are staffed by people with nothing to sell but what they know. What makes these organizations competitive and profitable is the collective expertise and ingenuity of the people who work for them. All companies contain knowledge that they need to exploit.

A company truly is a collection of people organized to produce something, whether it be goods, services, or some combination of the two. Their ability to produce depends on what they currently know and on the knowledge that has become embedded in the routines and machinery of production. The material assets of a firm are of limited worth unless people know what to do with them. Understanding the role of knowledge in organizations may help answer the question of why some firms are consistently successful

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There are many questions.

How to develop a preliminary understanding of what knowledge is within organizations? How does it look and sound in daily life and work? How is it different from data and information? Who has it? Where is it? Who uses it? What do we talk about when we talk about knowledge? On the other hand, what to do about knowledge? What key cultural and behavioural issues must we address to make use of it? What are the best ways to use technology in knowledge work? What are specific knowledge roles and skills? What does a successful knowledge project look like and how do you know if it has been successful? What measures and milestones can we use to evaluate it? Answers to these questions provide at least the beginning of a response to the essential question asked about knowledge in organizations: What do we do Monday morning to help make our organization's use of knowledge more effective, efficient, productive, and innovative?

Our aim, finally, is to provide a general perspective on how firms work that will give managers a means of decisively improving performance.

2. From History till Nowadays

"Knowledge" in today's world is the key source of competitive advantage. Some would say it cannot be 'managed', as it exists in people and they control it. However, that is an over simplification.

Tom Stewart in a 1994 Fortune magazine article warned companies to focus less on what they *own* and more on what they *know*: their intellectual capital.

Since then, Peter Drucker has identified knowledge as the new basis of competition in post capitalist society and Stanford economist Paul Romer has called knowledge the only unlimited resource, the one asset that grows with use.

In 1993 two Japanese academics, Ikujiro Nonaka and Hirotaka Takeuchi, published *The Knowledge-Creating Company*, a groundbreaking study of knowledge generation and use in Japanese firms.

That same year Dorothy Leonard-Barton wrote a finely detailed study of the role of knowledge to manufacturing firms, *Wellsprings of Knowledge*. Several other books exhorting managers to manage knowledge – without focusing much on how to do so – have appeared in the marketplace.

Firms such as Dow Chemical and Skandia and consultants such as McKinsey, Ernst & Young, and IBM Consulting have appointed "chief knowledge officers" and "directors of intellectual capital" to oversee the knowledge resources of their firms. They point to savings, improvements, and productivity increases that result from managing knowledge.

Knowledge is neither data nor information, though it is related to both, and the differences between these terms are often a matter of degree. It is important to emphasize that data, information, and knowledge are not interchangeable concepts.

Organizational success and failure can often depend on knowing which of them you need, which you have, and what you can and cannot do with each. Understanding what those three things are and how you get from one to another is essential to doing knowledge work successfully.

So it is best to begin with a brief comparison of the three terms and the factors involved in transforming data into information and information into knowledge.

Data – Data Management

Data is a set of discrete, objective facts about events. In an organizational context, data is most usefully described as structured records of transactions. Modern organizations usually store data in some sort of technology system.

Quantitatively, companies evaluate data management in terms of cost, speed, and capacity. How much does it cost to capture or retrieve a piece of data? How quickly can we get it into the system or call it up? How much will the system hold?

Qualitative measurements are timeliness, relevance, and clarity. Do we have Access to it when we need it? Is it what we need? Can we make sense out o fit?

Information – Information Management

Data becomes information when its creator adds meaning. We transform data into information by adding value in various ways.

Information has a sender and a receiver. It is meant to change the way the receiver perceives something, to have an impact on his judgment and behaviour. It must inform; it's data that makes a difference. The word "inform" originally meant "to give shape to" and information is meant to shape the person who gets it, to make some difference in his outlook or insight. The receiver decides whether the message he gets is really information, if it truly informs him.

Information moves around organizations through hard and soft networks. A hard network has a visible and definite infrastructure: wires, delivery vans, satellite dishes, post offices, addresses, electronic mailboxes. The messages these networks deliver include e-mail, delivery-service packages, and Internet transmissions. A soft network is less formal and visible too. Someone is handing you a note or a copy of an article marked "FYI" is an example of information transmission via soft network.

Quantitative measures of information management tend to include connectivity and transactions: How many e-mail accounts do we have? How many messages do we send in a given period?

Qualitative measures measure informativeness and usefulness: Did the message give me some new insight? Does it help me make sense of a situation and contribute to a decision or the solution to a problem?

Knowledge – Knowledge Management

Most people have an intuitive sense that knowledge is broader, deeper, and richer than data or information. People speak of a "knowledgeable individual" and mean someone with a thorough, informed, and reliable grasp of a subject, someone both educated and intelligent. They are unlikely to talk about a "knowledgeable or even "knowledge-full" memo, handbook, or database, even though these might be produced by knowledgeable, individuals or groups.

"Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of knowers. In organizations, it often becomes embedded not only in documents or repositories but also in organizational routines, processes practises, and norms."
(Thomas H.Davenport – Laurence Prusak)

"Knowledge has become the key economic resource and the dominate – and perhaps the only – source of competitive advantage." (Peter Drucker)

Knowledge is close and closer than data or information – to action. Knowledge can and should be evaluated by the decisions or actions to which it leads. Better knowledge can lead, for example, to measurable efficiencies in product development and production. We can use it to make wiser decisions about strategy, competitors, customers, distribution channels, and product and service life cycles.

Generally, three main categories of knowledge are distinguished:
- *Explicit,* that can be articulated in formal language, captured, exchanged and easily transmitted among individuals both synchronously and asynchronously. This includes information, experiences, and insights; that which we interact with every day through the written word and the Internet.
- *Tacit,* on the other hand, is personal knowledge embedded in individual experience, wisdom, involving such intangible factors as personal belief, perspective, instinct, and values and leads to decisions and advice, but which is difficult or impossible to articulate in any coded form.
- *Implicit,* certain knowledge can be harvested from its owner and codified in such a way as to make it more readily sharable. Implicit knowledge management employs tools, techniques and methodologies that capture these previously elusive processes and make them more generally available to the organization.

There are large numbers of complex and frequently incomprehensible definitions.

One company document described knowledge management as a way to 'give employees time to reflect, exchange thoughts and transfer knowledge by enriched connectivity'.

There is a far simpler definition. Knowledge management means using the ideas and experience of employees, customers and suppliers to improve the organization's performance.

A knowledge management website managed to be even more obscure, describes knowledge management as 'directly overlaying the information life cycle on to the business processes so as to reuse information as a resource across an organization'.

The central problem of knowledge management is how to create a climate in which everyone wants to share what they know. This has become more difficult, not easier, in recent years. The idea of a job for life has disappeared. Companies need to think of not only creating a knowledge database but to share knowledge much of it consists not of facts or figures but of 'the tacit and highly subjective insights, intuitions and hunches of individual employees'. These days, during times of economic uncertainty knowledge of employees is the key source of competitive advantage and power.

If companies want to get employees to share that knowledge, they will have to persuade knowledgeable staff to teach, mentor or talk to their colleagues. There is no simple situation. It requires the right corporate culture, the right people management, development policies, information technology, and time. It is a constant process. But the process needs items as pride, looking after the staff, and accepting that one does not know everything.

Teach one of your colleagues your special area of expertise and he or she might become an organizational star instead of you and win the performance-related bonus that could have been yours alone.

Defining knowledge management is not a simply issue. It requires a culture that promotes faith in collectively sharing and thinking. Knowledge management is the leveraging of collective wisdom to increase responsiveness and innovation.

Fundamental to the practical definition of knowledge management is the concept of the knowledge chain (K-chain). It is a series of interactions that constitute an organization's cycle of innovation. Knowledge management creates permeability between the four cells of the K-chain and accelerates the speed of innovation.

These four links are:
- internal awareness
- internal responsiveness
- external responsiveness
- external awareness

The four stages of the K-chain define the flow of knowledge through an enterprise. The ability to quickly traverse through the four cells of the K-chain is the essence of the benefit of knowledge management.

Why Evaluate Knowledge Management?

1. To build organizational stability and establish institutional memory,
2. to improve operational performance and introduce efficiencies, and
3. to improve impact and know what is being learned.

There is a growing need, of knowledge management, to find out which knowledge management strategies are delivering results within an organization and how those strategies are helping the organization to achieve its mission. Knowledge management is a function that supports evaluation by integrating the results of evaluation efforts into the everyday work of an organization. It helps to demonstrate the value of evaluation by making the learning it generates accessible and available for everyone in the organization.

Evaluation and knowledge management are two sides of the learning coin, and as such have a number of features in common:
- Both strategies have organizational learning at their core,
- Both are knowledge-intensive functions,
- Both have a systematic and intentional approach,
- Both are part science and part art,
- Both use knowledge-sharing to increase impact, and
- Both rely on each other to be effective.

3. Conclusion

The future studies of organizational knowledge will make an important contribution to understanding the sources of long-term success. Organizations with experiences in knowledge management have quickly found that success is entirely dependent on people – their commitment, disciplines, attitudes and capabilities. Knowledge management is not easy task but it is prosperous way.

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