



Proceedings of GLOGIFT 09
November 12 – 14, 2009
National Institute of Industrial Engineering
Mumbai, India

Developing learning organization through Knowledge Management and HR best practices – to gain a competitive advantage

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Abstract

Now a day the modern economy is referred to as a knowledge economy and knowledge has gained centre stage in this knowledge economy. Knowledge Management is about to tackle challenging situation in today's global dynamic and complex business environment. KM tools and techniques can be used in corporate world for enhancing the effectiveness of HR Practices Learning is the process by which knowledge is refreshed. A learning organization is a more competitive organization. Learning by the people within an organization becomes learning by organization itself. Different form of knowledge like tacit, explicit and implicit involved in the organization has to be captured and shared for Knowledge management process. It is not knowledge in itself but the way it is applied to strategic objectives that is the critical ingredient to competitiveness.

Introduction

Modernization has changed the picture of business as financial capital become most important. With financial assets it was possible to acquire physical assets for production. Labour was considered replaceable. As the nature of organisations has become more knowledge intensive. In the era where competitive advantage is perceived to be link to knowledge, considerable interest in knowledge management continues to be the trend.

Although knowledge has long been known as important within organizations, the focus on Knowledge Management (KM) is relatively recent. Interest in 'KM' has soared in the last few years with articles and references to the topic growing exponentially. The early emphasis in knowledge management was on information systems. Then the focus shifted towards organizational development, intellectual capital management, and competence management.

The four disciplines of knowledge management are organizational information processing, business intelligence, organizational cognition, and organizational

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The emerging knowledge economy, however, made it obvious that intangible assets could not be neglected anymore. Furthermore, the new knowledge accounting highlighted the value of social networks, customer relationships, and learning that was embedded in organizational procedures and systems. In the tradition of human capital accounting, the hope was to aggregate individual level skills so that they could be linked to the strategic needs of the organization. The basic assumption was that management should know what competencies were available in the organization and what competencies were needed to implement the selected business strategy. The human resource people were then supposed to help fill in critical competence gaps by supporting the upgrading of skills and recruiting people with required skill profiles. In this way, the intellectual capital accounting and organizational learning approaches were connected together.

KM is crucial in the knowledge /Modern organization and that know originates and resides in human beings. We cannot manage what happens in the people mind and it is presumption to say we can manage people through process. These assumptions represent the starting point for Human resource (HR), namely the effective management of people so that their knowledge is made available to the organization. The aim should be to encourage the extraction and sharing of knowledge by creating dynamic connections and using technology to link knowledge and people within the working environment. In this respect the focus is not as such on the management of knowledge but on creating an enabling environment with optimal circumstances and mechanism that could facilitate the generation and flow of throughout the organization. This represents a continuous circle where each part plays an important role and therefore the need to integrate KM and HR management initiates with the organization and the organization knowledge. Effective KM subsequently calls for successful management of an organization's Human Resource. Organization that value innovation as a growth factor have instilled rigorous selection process, supported by internal career opportunities, formal training system, appraisal measure, employee involvement and organization learning. Knowledge organization depends on knowledge sharing and that reason should encourage acknowledge and recognize those employees who contributed to and use its knowledge base. This necessitates that tool and measure employee to assess performance should be objective, trustworthy and have clean link with both the strategy and value knowledge.

Knowledge Management


Knowledge management is defined by "Swan" as "any process or practices of creating acquiring, capturing, sharing, and using knowledge wherever it resides to enhance learning and performance in the organization. It involves both people to people interaction and use of IT. Knowledge is wealthier in the sense of contextual and highly action oriented in the comparison of information. Knowledge acts as unique assets, so it always poses unique challenges, in many ways. Today not only

knowledge has taken centre stage, but management of knowledge has also become more systematic and this all credit excited opportunities created by IT.

Knowledge Creation and Learning

Knowledge management can be either tacit or explicit (Nonaka and Takeuchi (1995, p.8). Explicit knowledge “can be expressed in words and numbers and can be easily communicated and shared in the form of hard data, scientific formulae, codified procedures or universal principles” whereas tacit knowledge is: “highly personal and hard to formalize. Subjective insights, intuitions and hunches fall into this category of knowledge.” Hence, explicit knowledge in organizations is typically found in documents and databases, while tacit knowledge is that which is in the heads of people. More than often, tacit knowledge is even based on the subjective insights, intuitions, and hunches and is deeply rooted in an individual’s actions and experience and even ideals, values and emotions. Explicit knowledge is also sometimes called formal knowledge while tacit knowledge is called informal knowledge. Many times, for organizations to build their strategic competitiveness and long-term development, tacit knowledge is actually more important than explicit knowledge and should consequently be the focus of knowledge management programs. . Finally, in the next process explicit knowledge is made tacit by its internalization. This is a learning process, which occurs through the behavioral development of operational knowledge.

<i>From /To</i>	Tacit	Explicit
Tacit	<p><i>Socialisation</i></p> <p>Creates <i>sympathised</i> knowledge through the sharing of experiences, and the development of mental models and technical skills. Language unnecessary.</p>	<p><i>Externalisation</i></p> <p>Creates <i>conceptual</i> knowledge through knowledge articulation using language. Dialogue and collective reflection needed.</p>
Explicit	<p><i>Internalisation</i></p> <p>Creates <i>operational</i> knowledge through learning by doing. Explicit knowledge like manuals or verbal stories helpful.</p>	<p><i>Combination</i></p> <p>Creates systemic knowledge through the systemising of ideas. May involve many media, and can lead to new knowledge through adding, combining & categorising.</p>



The SECI cycle of knowledge creation (Nonaka and Takeuchi, 1995)

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Learning

The concept of learning originated in psychology and focused on learning at the individual level. Behavioral psychologists defined learning as the acquisition of chains of reactions which persist over time leading to behavioral change. Thus, changes in behavior are a result of repeated experience. This perspective of learning is

concerned with observable behavior, and neglects the cognitive processes of individuals. A second stream of learning theorists emphasized cognitive processes as key determinants of individual learning (Bandura, 1986). Instead of focusing on change in behavior, cognitive psychologists focused on change in the state of knowledge which creates the potential for changing behavior. In the course of cognitive interactions with the environment, the individual creates his or her own representations of the environment, based on experience, expectations and beliefs, and on previously developed cognitive patterns.

Organisational Learning

Organizational learning differs from learning by individuals in that it involves the needs, motives and values of various members of the organization (Kim, 1993). An organizational or collectively constructed view of reality can only develop if individuals are prepared to discuss and negotiate their individual views (Berger and Luckmann, 1966). Learning thus implies the development of knowledge which leads to a new collective understanding. The *behavioral and cognitive perspective* on learning have thus been reconciled by pointing out that "change in behavior without a corresponding change in cognition, or change in cognition without a corresponding change in behavior, are transitional states since they create a tension between one's beliefs and one's action". Another form of learning which may take place within organizations is *learning by "elites"*. Organizational learning thus becomes that process in the organization through which members of the dominant coalition develop, over time, the ability to discover when organizational changes are required and what changes can be undertaken which they believe will succeed" (Duncan and Weiss, 1979: 78). The next level of organizational learning involves not only *behavioral adaptation*, but also changes in deeper cognitive structures. Significant changes occur in the relationship between the organization and its environment, necessitating more than a simple process of adaptation (Argyris and Schön, 1978; Fiol and Lyles, 1985; Hedberg, 1981). Essentially, organizational learning is the process perspective of developing organizational knowledge. The organizational knowledge base consists of individual and collective knowledge which the organization can use to perform its tasks. This knowledge base undergoes regular change. Collectively, these changes constitute organizational learning. The outcome of these collective changes improves the organization's problem-solving potential (Probst and Büchel, 1996).

Organizational learning and innovation

The concept of the learning organization is generally associated with Peter Senge, author of *The Fifth Discipline*. It embodies the notion that organizations as well as individuals can learn from experience, and it emphasizes the need for information sharing and collaboration. Senge defines the learning organization as "a group of people continually enhancing their capacity to create what they want to create." Generative learning, in Senge's view, "requires systemic thinking, shared vision, personal mastery, team learning, and creative tension." The concept of learning organization is increasingly relevant given the increasing complexity and uncertainty of the 21st century organizational environment.

Organizational Learning and Knowledge

The generalization led to a learning process of four stages, which are: (1) Identification of problem, information acquisition; (2) information dissemination, knowledge sharing; (3) information integration, knowledge is integrated to the existing system; (4) shared interpretation, new knowledge is transformed to action to have an effect to organizational behaviour. While organizational learning primarily focuses on the processes of changing the organizational knowledge base, it does not provide an explicit indication to which elements need to be influenced to bring about learning. Knowledge management, by contrast, provides an explicit framework for intervening into the knowledge base in order for learning to take place. Also, a good knowledge management system should be able to attract company employees as well as other stake holders voluntarily to get involved in some kind of knowledge sharing and learning activities. The main difference between organizational learning and knowledge management is that the later is an active and directive process. Organizational learning consists of changes in the organization's knowledge base, the creation of collective frames of reference, and growth in the organization's competence to act and to solve problems. As Tsang (1997) and Edmondson and Moingeon (1998) mention organizational learning has been studied both from a descriptive and prescriptive perspective. Whereas organizational learning is descriptive, knowledge management involves deliberate intervention (Senge, 1990; Swieringa and Wierdsma, 1992).

Organization can improve their effectiveness by using KM practices at every stage to develop creative thought process in each employee. At the same time, organization should take responsibility to inculcate learning initiatives and challenging environment to be converted into innovative worker. Human resource manager who realize the value and significance of KM should offer learning direction in the organization. Knowledge development complements knowledge acquisition by focusing on the generation of new skills and know-how, better ideas and more efficient processes. The distribution of knowledge within an organization is a vital precondition for turning isolated knowledge or experiences into an asset which the whole organization can use.

The whole point of knowledge management is to make sure that the knowledge present in an organization is applied productively for the benefit of that organization. Knowledge control involves methods for measuring strategic and operational knowledge goals. The way in which the goals are formulated determines the ways in which they can be assessed. The quality of the goals therefore becomes apparent at the assessment stage. Organization must undertake that knowledge and learning became the primary criteria for evaluating how the company is organizing itself, what it is making, to whom it is hiring, how it is managing its relations with customers and so on. Knowledge based competitive advantage is also sustainable because a firm already knows; is better place to learn and tap new learning opportunities. New knowledge can be integrated with existing knowledge to develop unique insights and create even more valuable knowledge. Knowledge goals are aimed at creating a knowledge-aware organizational culture in which the skills of individuals are shared and developed. This sets the scene for effective knowledge management. Knowledge control involves methods for measuring strategic and operational knowledge goals. The way in which the goals are formulated determines the ways in which they can be assessed. The quality of the goals therefore becomes apparent at the assessment stage, if not before.

Conclusion

Both the literature on organizational learning and knowledge management has been growing over the past years. Organizational learning provides a theoretical framework for analyzing changes in the organizational knowledge base. This framework can be used to hypothesize and explain cognitive and behavioral changes within organizations over time. HR has a key responsibility in strengthen and nurturing KM through learning initiative and employees competencies development by organizing visible knowledge sharing events and establishing all necessary monitoring system. Knowledge management serves as a manager's framework for improving the organization's learning potential. Organizational learning provides a theoretical framework for analyzing changes in the organizational knowledge base. By guiding managerial intervention into the organization's knowledge base and learning process, knowledge management serves as a strategically tool for enhancing competitive advantage in organizational success.

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