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## **KNOWLEDGE MANAGEMENT AND LEARNING ORGANISATION**

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### **INTRODUCTION**

The world is experiencing an era which has been termed the “Knowledge age” or the “Knowledge economy”. In the new age/period, knowledge is the primary commodity and knowledge flows are regarded as the most important factors in the economy. Further, since rapid technological innovations are quickly bridging the gap between competing companies there has been a trend in the industry to regard the collective knowledge of the employee as the key factor in producing innovative and competitive products. This is illustrated by IKUJIRO NONAKA (1998) who states that “ in an economy where the only certainty is uncertainty, the one source of lasting competitive advantage is knowledge”. This change of focus forces the organizations to rethink the way they manage their business since the focus is no longer on tangible assets but on people’s abilities and experience. Further, organizations too have realized that learning is the only sustainable competitive advantage to survive and prosper in LPG era of today. In other words, learning organization is seen as a response to an increasingly unpredictable and dynamic business environment. In the process of learning new skills and techniques and to put in processes that engage their workforce in program of continuous capability development, knowledge management (KM) plays a crucial role. Since all other resources have become equally accessible, available managing the collective knowledge of employees has become such a critical resource to the organization that managers need to know how to manage that “intellectual capital” J. Liebowitz (2000) argues that “most managers feel that the critical asset that separates their organizations from their competitors is the knowledge assets or intellectual capital of these employees”. Managing this intangible asset involves a change in mindset, since previously managers did not encourage dissemination and sharing of knowledge amongst employees. This management of knowledge within organizations has become more and more critical because many activities of organization and of the broad economic and social life today are knowledge driven. In recent years this managerial activity has been known as Knowledge Management.

### **WHAT IS KNOWLEDGE MANAGEMENT?**

Knowledge management is about creating systems that enable organizations to tap in to the knowledge, experiences and creativity of their staff to improve their performance. The management of intellectual capital has become a central theme in today’s literature and commonly cited source of competitive advantage. Not

surprisingly, a wide range of companies have launched initiatives to share their best ideas and management practices.

A few have gone further, approaching knowledge management as a distinct and explicit process. Behind the rise of knowledge management as a subject lied a simple fact: “a surprising amount of corporate knowledge is the property of individuals, not the firm”. i.e. when someone leaves the organization, their experience leaves with them. Even when people remain for longer periods of time, a limited number of others may benefit from their ideas, mostly those with whom they work face-to-face. Nor do discoveries or successful practices in one part of an organization normally transfer easily, if at all, to other parts. Because such knowledge is embedded and hard to extract- contained in practices, projects, processes, products, patents, and pieces of paper – Employers frequently spend large amounts of time reinventing the wheel and they lose considerable productivity, and do not convert already established learning’s in to shared, organizational platforms. Clearly, there are enormous opportunities for improvement.

Knowledge Management (KM) set forth the criteria for choosing what knowledge a firm plans to pursue, and how will it go about capturing and sharing it. For obvious reasons, business needs are the starting points. A company has to know the kind of value it intends to provide and to whom. Only then can it link its knowledge resources in a way that makes a difference. The knowledge requirements for a firm that competes as a low cost producer of undifferentiated products, for example, are quite different from those of a firm that succeeds by generating a constant stream of new products from diverse applications. In many cases, only a fraction of the available knowledge can be systematically captured and shared. Too much information exists already, and new knowledge is constantly being generated. It’s that way, the firm beings to think consciously about their knowledge management strategies, selectively is crucial. The task is complicated by the fact that a considerable portion of corporate knowledge is tacit.

This shows the importance of knowledge to an organization, be it of any type. Therefore one can consider knowledge to be one of the most critical and crucial resource of and organization.

## **TACIT AND EXPLICIT KNOWLEDGE**

In the area of knowledge management, a large part of knowledge is not explicit but tacit. Tacit knowledge is characterized by the fact that it is personal, context specific, and therefore hard to formalize and communicate. Explicit, on the other hand, is the knowledge that is transmittable through any systematic language. Human beings acquire knowledge by actively creating and organizing their own experiences. Thus, explicit knowledge represents only the tip of the iceberg of the entire body of knowledge.

In addition, Nonaka and Takeuchi defined their dynamic model, called knowledge conversion process, on the assumption that human knowledge is created and expanded through social interaction between tacit and explicit knowledge.

## KNOWLEDGE CONVERSION PROCESS

Effective KM requires a continuous knowledge conversion process. According to Nonaka and Takeuchi, it represents a social process between individuals and not confined within an individual. Four different modes of knowledge conversion have been postulated (Figure 1).

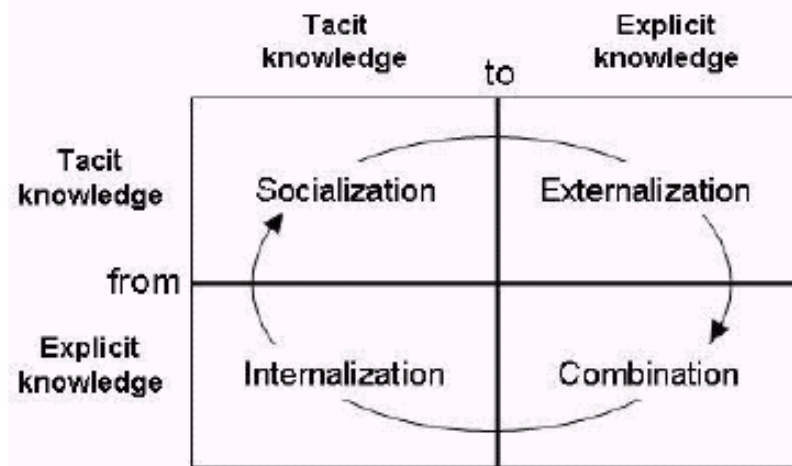


Figure : 1 The knowledge conversion processes in a knowledge creating organization.

**Externalization** (tacit to explicit) is the process of conversion of tacit into explicit knowledge, for example the translation of a clinical trial result into a recommendation for clinical practice.

**Combination** (explicit to explicit) is the process of enriching the available explicit knowledge to produce new bodies of knowledge, for example combining medical and organizational knowledge into a decision support system.

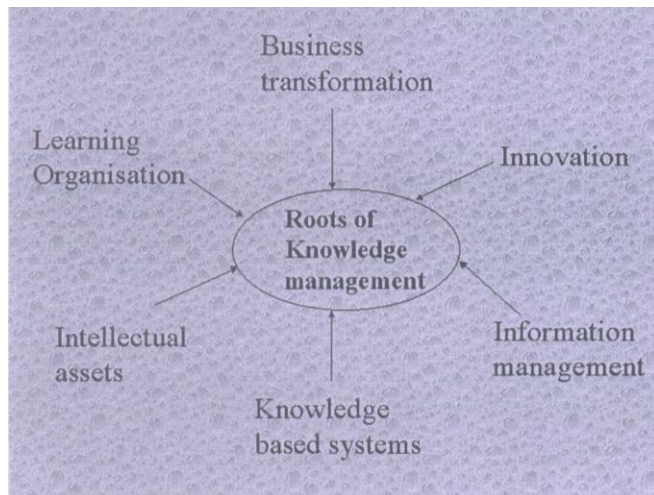
**Internalization** (explicit to tacit) is the process of individual learning by repeatedly executing an activity applying some type of explicit knowledge, and absorbing the relationship between actions and results as new personal tacit knowledge.

**Socialization** (tacit to tacit) is the process of learning by sharing experiences that creates tacit knowledge as shared mental models and professional skills (e.g. apprentices learning process, or expert consensus achievement during medical meetings).

## ROOTS OF KNOWLEDGE MANAGEMENT

### Learning Organization

If an organisation conforms to the required norms and can be termed as a learning organisation, then it becomes one of the start point of knowledge management.



### **Intellectual assets:**

The intellectual assets in an organisation is in the people have gained expertise through years of work experience and is tacit in nature. This knowledge has to made explicit and managed in order to leverage on it and gain competitive advantage.

### **Knowledge based systems**

The systems that are evolved in an organization to facilitate the smooth functioning of the organization should facilitate harnessing the existing knowledge in the organization. These systems could be a basis of knowledge management.

### **Information Management**

Information is the core of knowledge management, since information combined with experience and intuition leads to knowledge. Hence, proper information management systems can result in an effective knowledge management system.

### **Innovation**

Creativity and innovation are methods by which new knowledge is created. Innovation comes out of increment changes to existing products or processes and a radical change, which is different from the original process or product. Radical changes give a new dimension to the existing knowledge base and incremental changes result in changes in perceptions and line of thinking leading to new knowledge insights.

### **Business transformation**

Business transformation acts as another catalyst for knowledge management. Organizations respond to the various changes in the market place through transformation processes like business process re-engineering.

## **WHY KNOWLEDGE MANAGEMENT**

The field of knowledge management has gained currency in recent times due to a wide variety of reasons. Some of them are:

- The speed of change in the market place has become so rapid that the time available for organisations to gain experience and acquire knowledge has diminished. Organisations are required to differentiate their product or produce them in fastest possible time and the lowest possible cost.
- Competition in the market place has forced organisations to reduce costs. One of the methods followed is reduction in manpower. This has led to early retirements and increasing mobility of work force resulting in a loss of knowledge
- Organisations are forced to compete on the basis of knowledge
- Market place is increasingly competitive
- Reduction in staffing create a need to replace informal knowledge with formal methods
- Reduction in work force due to competitive pressure
- Need for life-long learning is an inescapable reality
- Increasing dominance of knowledge as a basis for organizational effectiveness
- The failure of financial models to represent the dynamics of knowledge
- The failure of information technology by itself to achieve substantial benefits for organisations for organizations.
- The diffusion of global capabilities causing developed countries to become service-based economies depending on labor from developing countries.
- The unintended consequences of universal information access
- The importance attached to this subject in management schools

## **LEARNING ORGANIZATION**

Learning organization is an organization that works on similar principles as a living organism. As any living organism, learning organization is created from various parts. They are linked together with relations and bonds. Together all parts and relations create a bigger whole, a complex system. The difference between a learning organization and organization that does not learn is following:

- Learning organization can monitor its external and internal environment.

- Learning organization understands underlying principles of environmental dynamic.
- Learning organization can use these principles to address and initiate changes.

The cycle of monitoring, understanding, and responding (changing) is foundation of organizational learning.

Peter Senge highlights five important aspects of learning organization in his famous book *The Fifth Discipline*. They are :

- Personal mastery - the ability of individual to learn and develop. No learning organization can be created without individual learning and development.
- Mental models - unconscious deeply rooted personal images that influence our behavior.
- Shared vision - vision shared by employees is a torch that ignites the light on the way to future.
- Team learning - interaction of individuals and teams leads to acceleration of organizational learning.
- System thinking - explains basic principles and two types of feedback that create system dynamics.

Senge's five disciplines are a tool set of modern learning organization. System thinking enables the organization to understand its external and internal environment and its dynamics. Personal mastery, mental models, shared vision and team learning help to address and initiate necessary changes.

## **RELATIONSHIP BETWEEN KNOWLEDGE MANAGEMENT & LEARNING ORGANIZATION**

In the past decade, more and more researchers and practitioners have begun to acknowledge the potential synergies and interrelationships between knowledge and learning. This is particularly evident in the convergence of the concepts of the learning organization (LO) and knowledge management (KM). Senge (1990/2006) first introduced the concept of the learning organization as a set of core learning capabilities that enable an organization to innovate (i.e., to create new knowledge) and create sustainable advantage.

In studying the areas of organizational forgetting, organizational memory, and how knowledge transfer is a key to creating organizational learning, Argote (2005/1999) posits that “patterns of knowledge creation, retention, and transfer contribute to differences in the rates at which organizations learn” (p. 203). Loermans (2002) defines the relationship between KM and LO by stating that the LO focuses on the learning process and generating new knowledge while KM “takes the output from the LO, manages it and ensures that an appropriate environment to perpetuate the generation and management of knowledge capital is being properly maintained” (p.

292). Loermans (2002) also cites the research of Brown and Woodland, Wikstrom and Norman, and Allee, observing that organizational learning claims “that learning is the process of acquiring knowledge” while KM claims “that each aspect of knowledge has a corresponding learning activity that supports it” (p. 290). McElroy (2003) argues that “second-generation KM [is] a management discipline that focuses on enhancing organizational learning...[and that] KM is an implementation strategy for organizational learning” (p. 19). Mason (2005) also argues that “learning and knowledge have a symbiotic relationship; they depend upon each other” (p. 321).

So what are the implications of this convergence between knowledge and learning for practitioners? Loermans (2002) recommends that “a corporate architecture [be created] to facilitate learning at the organization level and to create knowledge sharing and dissemination mechanisms across the organization” (p. 290). Mason (2005) recommends considering the use of e-learning as important “knowledge scaffolding” and that “much of the infrastructure development that supports e-learning [is] convergent with systems developed to support knowledge management” (p. 321) —for example, enterprise knowledge portals and Learning Content Management Systems (LCMS). Furthermore, while “content may have been king at the peak of the dot-com boom, [we now know] that context will always shape its usage” (Mason, 2005, p. 322)—and learning is where context and meaning are formed. In addition, any KM, OL, and e-learning initiative must be “designed with...[an] understanding of [how to] sustain online culture...[and an] appreciation that “e” also stands for engagement” (Mason, 2005, p. 322). Thus people, cultural, and infrastructure considerations must always come first for the success of any KM, OL, and e-learning initiative.

## **CONCLUSION**

These days’ organizations are not separated from their external environment. They must be able to respond to social and other changes quickly. Learning organizations are highly flexible innovative organization that meet this requirement. They learn and respond to their external and internal environment in similar way to living organisms. The major prerequisite of their success is the ability to exploit their most precious asset, knowledge. Knowledge management gives learning organizations tools to work with both dimensions of knowledge, tacit and explicit, in a systemic way, in relation to their needs. In an economy where the only certainty is uncertainty, the one sure source of lasting competitive advantage is knowledge successful companies are those that consistently create new knowledge, learn, disseminate it widely throughout the organization, and quickly embody it in new technologies and products.

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