Reserve Bank of India
College of Agricultural Banking, Pune

<u>HR & Leadership Channel</u>

Knowledge Management[1]

In modern economies, there is ceaseless effort from all organisations to find a source of competitive advantage. Often, "knowledge" can become the key differentiator. However, knowledge involves its own challenges:

- Knowledge is not easy to acquire or imitate.
- It is not concentrated in any specific person/computer system. It may be embedded in different records, systems, culture, and employees' minds.
- Not all knowledge may be readily visible/identifiable.

Knowledge Management (KM) refers to the process aimed at identifying and leveraging the collective knowledge in an organisation, to help enhance effectiveness.

2. 'Knowledge' in 'Knowledge Management (KM)'

The term KM emerged in the context of

- Rapid adoption of Information Technology (IT) in industry; and
- Growth of large, complex organisations.

In KM, a clear distinction is made among the following:

- 'Data' – Refers to just raw numbers and facts.
- 'Information' – The next layer – it is data that has been processed.
- 'Knowledge' – Information that has been processed in the mind, which is personalised, and may relate to different items such as concepts, interpretation, judgments, etc. It is something that can be acquired through

---

experience/study. Knowledge is beyond just the capability for specific action; it includes the capability of interpretation and of discerning relevance in various contexts.

3. Types of Knowledge

Organisational knowledge may be:

- 'Explicit' – Stated clearly, known widely, communicated well and codified. E.g. a bank's circular on investments
- 'Tacit' – Rooted in the action, experience and involvement of individuals/groups in particular contexts. E.g. a branch manager's way of gathering market intelligence. It is of two types:
  - o 'Technical' - concrete knowhow or skill (E.g. balance sheet analysis); and
  - o 'Cognitive' - individuals' beliefs/viewpoints/ways of thinking (E.g. 'builders are mostly untrustworthy')
- 'Individual' - created by or existing in an individual
- 'Collective' - created by or inherent in the collective action of a group.

4. Knowledge Management (KM)

KM is a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of an organisation's information assets, such as databases, documents, policies, procedures, and previously un-captured expertise and experience in individual workers. Typically, KM projects have three aims:

- To enhance the visibility of knowledge in the organisation.
- To promote knowledge sharing.
- To build a suitable knowledge infrastructure.

5. Knowledge Management System (KMS)

KMS refers to a class of information systems which are applied to enable the above aims. They include:

- IT systems and applications. E.g. 'Expertise Location' (to identify expertise in the organisation).
- Social and cultural aspects, such as:

- o Trust – among employees, regarding information sharing.
- o Culture – the organisational 'atmosphere' to support information sharing.
- o Organisation's Learning Style – E.g. combining 'top-to-bottom' and 'bottom-to-top', information flows.

6. Knowledge Management Processes

There are four specific processes in KM:

- Knowledge Creation - E.g. preparation of SOPs
- Knowledge Storage and Retrieval - E.g. hosting SOP document on CBS
- Knowledge Transfer - E.g. employees reading the SOP
- Knowledge Application - E.g. employees applying the SOP

**

References:

- 'Knowledge Management Sans Frontiers' by J.S.Edwards and J.B.Kidd, The Journal of the Operations Research Society, Volume 54 (No. 2), pp. 130-139 (2003)
- 'Exploring the Influence of Organisational Climate on Knowledge Management' by Fan-Chuan Tseng and Yen-Jung Fan, Journal of Business Ethics, Volume 101 (No.2), pp.325-342 (2011)
- 'Knowledge Management in Pursuit of Performance: Insights from Nortel Networks' by Anne P. Massey, Mitzi M. Montoya-Weiss & Tony M. O'Driscoll, MIS Quarterly, Volume 26 (No.3), pp.269-289 (2002)
- 'Review: Knowledge Management and Knowledge Management Systems: Conceptual Foundations and Research Issues' by Maryam Alavi and Dorothy E. Leidner, MIS Quarterly, Volume 25 (No.1), pp. 107-136 (2001)

***