

# Effective Ways Knowledge Management Drives Business

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## Abstract

Over the past several years there have been intensive discussions about the importance of knowledge management within our society. The management of knowledge is promoted as an important and necessary factor for organizational survival and maintenance of competitive strength. To remain at the forefront organizations need a good capacity to retain, develop, organize and utilize their employees' capabilities. "knowledge" is at centre stage. KM and related strategy concepts are promoted as important and necessary components for organizations to survive and maintain their competitive keenness. It has become necessary for managers and executives to address "KM". KM is considered a prerequisite for higher productivity and flexibility in both the private and the public sectors. The word Knowledge Management (KM) has grown remarkably during the past decade. The purpose of this study is to raise awareness of knowledge management and its potential to support organizations in achieving their business objectives. The research will also identify the concrete steps and cultural change required for government departments in order to more effectively use and share knowledge.

The purpose of this paper is to explain in greater detail what is meant by knowledge management and why it matters. This will be followed by consideration of some of the challenges with respect to its implementation in organizations. Finally, considerations in relation to its implementation in a corporate sector context are raised. The best four components of knowledge management are people, process, content/IT, and strategy. Regardless of the industry, size, or knowledge needs of your organization, you always need people to lead, sponsor, and support knowledge sharing. You need defined processes to manage and measure knowledge flows.

**Keywords:** Knowledge • Knowledge management • Competitive strength

## Introduction

"Knowledge Management (KM) is managing the corporation's knowledge through a systematically and organizationally specified process for acquiring, organizing, sustaining, applying, sharing, renewing both the tacit and explicit knowledge of employees to enhance organizational performance and create value".

In a world where knowledge equals power, many employees feel that holding on to their specific knowledge makes them more valuable and sought after professionals. To combat this, organizations can foster a culture that helps people understand that sharing their knowledge makes them more relevant, not less.

Knowledge management is about facilitating the processes by which knowledge is created, shared and used. It is about changing the way everyone works, which requires changing people's behaviors and work patterns. Knowledge management is essentially about people-how they create, share and use knowledge, thus knowledge

management programmes should have both a "collecting" and a "connecting" dimension. The collecting dimension involves linking people with information. It relates to the capturing and disseminating of explicit knowledge. The connecting dimension involves linking people with people-specifically people who need to know with those who do know, and so enhancing tacit knowledge flow through better human interaction and communication processes, so that knowledge is widely disseminated and not just held in the heads of a few. Successful implementation of Knowledge Management System (KMS) has been observed in many organizations, where they use the system with real interest and enthusiasm. Why knowledge management is important in today's world?

Knowledge management allows innovation to grow within the organization, customers benefit from increased access to best practices, and employee turnover is reduced. The importance of knowledge management is growing every year [1,2].

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**Received:** 01 August, 2022, Manuscript No. IJEMS-22-70888; **Editor assigned:** 04 August, 2022, PreQC No. IJEMS-22-70888 (PQ); **Reviewed:** 19 August, 2022, QC No. IJEMS-22-70888; **Revised:** 03 October, 2022, Manuscript No. IJEMS-22-70888 (R); **Published:** 11 October, 2022, DOI: 10.37421/2162-6359.2022.11.653

## Objectives of the study

- To understand the concept of Knowledge Management (KM).
- To study how KM is a competitive advantage to multinationals.
- To analyze the importance of knowledge management practices in various sectors.

## Methodology

- The research is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles, media reports and web based research.
- Why knowledge is important for success?
- Knowledge allows us to think about issues, topics and challenges from many perspectives. Wisdom (the application of knowledge) allows us to succeed by putting what we know into action.
- An effective knowledge management strategy keeps tabs on what information exists allows your agents to build on past work. Usage analytics help to identify true knowledge gaps rather than wasting resources and duplicating content.

## Literature Review

**Knowledge meaning:** "Knowledge is an understanding of someone or something, such as facts, information, descriptions, or skills, which is acquired through experience or education by perceiving, discovering, or learning. Knowledge can refer to a theoretical or practical understanding of a subject."

**Management meaning:** Management is an individual or a group of individuals that accept responsibilities to run an organization. They plan, organize, direct and control all the essential activities of the organization. Management does not do the work themselves. They motivate others to do the work and co-ordinate (i.e. bring together) all the work for achieving the objectives of the organization [3].

**Definition to Knowledge Management (KM):** "Knowledge management is the discipline of enabling individuals, teams and entire organization to collectively and systematically create, share and apply knowledge, to better achieve their objectives" -Ron Young.

### Characteristics of KM

- It is a way of working that has an impact on people and culture.
- Something that people need to believe in and participate in.
- It is comprehensive and organization-wide approach which supports business objectives.
- It encompasses knowledge creation, management and sharing.
- The management of information with meaning (knowledge).
- It reflects the needs of the organization and its employees.
- It is ongoing- changing with the business.
- Sponsored and led by senior management.
- It is about well thought out content management.
- KM means to an end (to achieve performance indicators).
- KM means supporting staff in fulfilling their roles [4].

### Advantages of knowledge management:

- Improved organisational agility.

- Better and faster decision making.
- Quicker problem solving.
- Increased rate of innovation.
- Supported employee growth and development.
- Sharing of specialist expertise.
- Better communication.
- Improved business processes.

### Evolution of Knowledge Management (KM)

**KM in 1970's:** A number of management theorists have contributed to the evolution of knowledge management. Knowledge management in their point of view is:

**Peter drucker:** information and knowledge as organizational resources [5,6].

**Peter Senge:** "learning organization".

**Leonard-Barton:** Well-known case study of "chaparral steel", a company having knowledge management strategy.

**KM in 1980's:** Knowledge (and its expression in professional competence) as a competitive asset was apparent Managing knowledge that relied on work done in artificial intelligence and expert systems Knowledge management-related articles began appearing in journals and books.

**KM in 1990's:** A number of management consulting firms had begun in-house knowledge management programs.

Knowledge management was introduced in the popular press, the most widely read work to date is ikujiro nonaka's and hirotaka takeuchi's the knowledge-creating company: How japanese companies create the dynamics of innovation (1995).

The International Knowledge Management Network (IKMN) went online in 1994.

Knowledge management has become big business for such major international consulting firms as ernst and young, Arthur Andersen, and Booz-Allen and Hamilton.

### Knowledge management today

Today Knowledge Management (KM) is in a state of high growth, especially among the business industries. As the performance metrics of early adopters are documenting the substantial benefits of knowledge management, more organizations are recognizing the value of leveraging organizational knowledge. Today KM and its related strategy concepts are promoted as important and necessary components for organizations to survive and maintain their competitive keenness [7].

### Sources of knowledge

The main sources of knowledge are as follows :

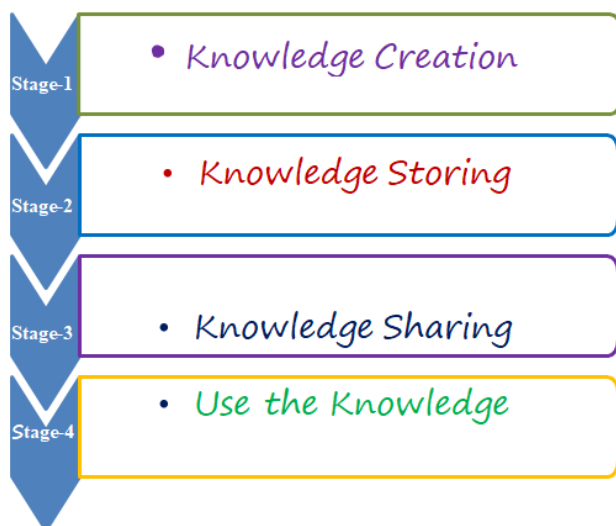
**Internal sources:** Internal sources include the organizational operations such as design, development, engineering, sales,

marketing, manufacturing, customer contact etc. This is the basic source of organizational information which is controllable and can be easily canalized to knowledge repository [8].

**External Sources:** External sources include professional associations, commercial web sites etc. There are many academic bodies such as universities, research institutions, industry associations and commercial organizations. These sources usually make the knowledge available through Web sites and sometimes through publications (Figure 1).

### Barriers to effective KM

- Organizational barriers
- Cultural barriers
- Technological barriers
- Lack of management support for KM
- Personnel barriers
- Lack of effective framework for KM
- Environmental barriers
- Internal and external factors
- Lack of motives in knowledge creation
- Lack of expertise in organization



**Figure 1.** Stages of knowledge management (knowledge creation).

### Stages of knowledge management (knowledge creation)

Companies create a great amount of knowledge or information in their daily business activities. It would be essential for the company to have a system of managing the newly created information so it can be reused to solve new problems or leveraged to value-add to other business activities. Knowledge is created by two ways either as explicit or tacit knowledge. Explicit knowledge is put in paper and it is recorded and made accessible to others. Tacit knowledge is created in minds of employees. This kind of information could be very useful for the R and D team to come up with new improved products.

**Storing knowledge:** Knowledge is stored and organized in a repository. The decision on how and where lies with the organization.

But the objective of this stage is to enable the organization to be able to contribute, organize and share knowledge. Without storing the knowledge, its transfer for the purpose of learning and utilization, both internally and externally, will be difficult to achieve.

**Knowledge sharing:** One of the advantages of knowledge is that knowledge is dynamic. Knowledge can be adapted and evolved through the processes of learning and sharing. Knowledge is shared and accessed by people; they can either search or navigate to the knowledge items.

**Use the knowledge:** This is end goal of knowledge practice. The knowledge management does not have any value if knowledge created is not utilized to its potential. The more knowledge is created as knowledge is applied and utilized. Without the effective utilization of knowledge, the knowledge management process is incomplete.

### Knowledge management in few organizations

**Knowledge management in educational organizations:** Two college teachers, one in biology and the other english, find out that each has begun developing and implementing a community-involvement component to a course. The two begin meeting to share information about their experiences. Within a month, two other faculty members hear about that their efforts and join in the meetings. The administration looks favorably on these kind of cross departmental groups, and provides technical support to enable the team to create a website and a user's group dedicated to their work. Through the website, direct emails, announcements at faculty meetings, and other means, the faculty members publicize the meetings, and over the next six months they are joined by at least one faculty member in almost every department. Several faculty members attend the meetings they would like ideas on how to include such a component in their courses. Teaching plans and syllabi are posted on the website. Through their discussions during the year, the teachers agree that these courses are popular among students, but enrollment has remained only moderate because of the additional time required of students to complete the community involvement elements of the course. Yet the payoffs have been significant: Anecdotally, the teachers have seen their students develop deeper understanding of the issues. The teachers would like to add credit hours to their courses, but there are procedural difficulties in doing so. In preparing their case for additional credit hours, they decide to collect information about the number of student hours required and the relationship between student's enrollment in these courses and various elements of persistence and completion. They find that students who take these courses spend almost twice as many hours as they do similar courses without the community requirement. They also find that students who take these courses are more likely than other students to complete their major. By this time, the teachers are making plans to apply for several grants. This is the example of knowledge management approach along the data information-knowledge continuum, but it is by no means exhaustive, either in the list of the functions provided or in the ways these functions can be informed by a knowledge management approach [9].

### Knowledge management practices in ICICI bank

The rapidly changing business environment and the constant challenges it poses to organizations and businesses makes it imperative to continuously enhance knowledge and skill sets across

the organization. ICICI Bank believes that building a learning organization is critical for being competitive in products and services and meeting customer expectations. The ICICI portal "wise guy" was started because a need was felt to create and generate the culture of knowledge sharing. The need was sparked off by mass exodus of employees from their 'Treasury' moving towards the then greener pastures of the 'dotcom era'. Whenever an employee moves, he does not leave behind him documented information about the job or client that he was associated with. This causes a lot of botheration for the new incumbent. He spends most of his time trying to build a foundation and begin his work-in other words it is the reinvention of the wheel. Another reason for introduction of this concept could be due to the fact that the merger of ICICI with ICICI Bank was in the offing. The "wise guy" portal could act as a common thread binding two different cultures enabling a smooth transition into a universal bank. ICICI Bank has branches spread all over the country. There are employees who have interacted only via emails and have never seen each other. They function as a virtual team. There was a need to bring about a common platform for uniting the people across the country and foster a sense of belonging. This need was not being fulfilled by the existing Intranet. KM at ICICI began on an experimental basis and carried on expanding and exploring, widening its ambit of operations. No additional funding was required and nobody was under compulsion to use the site. The relatively young age group of the employees and support provided by the top management had led to the progress of the concept of knowledge management. It has not made any model to follow unlike Wipro has done. At present it is in a state of growth and flux and new sections and links are being added in the Wise guy. Maybe in the next couple of years it will begin to consolidate and clearly define its objective of existence or else merge into the Intranet and be a part of corporate communications [10].

## Discussion

- The KM programme and KM processes must visibly support business objectives. There is a clear understanding of how knowledge contributes to these business objectives.
- With the creation of clear framework we can implement KM successfully; this framework provides the path to achieve KM. It may also define key domains of knowledge and core knowledge value enhancing processes.
- With the support of effective leadership we can successfully implement KM. Effective leadership can develop the KM in the minds of the people and throughout the organization.
- With knowledge creation and sharing culture, we can empower individuals, support informal networking and encourage knowledge sharing across organization.
- With continuous learning, we can develop the KM because organization always learns from its successes and mistakes at all levels of organization.
- With effective knowledge processes and practices, we can successfully implement KM. These practices and processes are necessary for identifying, capturing and diffusing important knowledge in a structured way.
- A well-developed infrastructure (ICT-Information and Communications Technology) that supports collaborative work should be established. As well as information databases, it

supports communities of practice through discussion forums or social networking facilities. There must also be good software and tools to support individual knowledge workers.

## Conclusion

Based on the above critical review, it is understood that knowledge management is the biggest factor for competitive advantage for any organization. Today, organizations are realizing that Knowledge Management (KM) is a valuable asset that can be managed as effectively as physical assets in order to improve performance. With the growing competition day by day, every organization needs to innovate and implement new and exemplary methods to sustain themselves in the competitive world. Innovation comes with knowledge both tacit and explicit contributed to the organization by its human resource. Though the term knowledge management and the concept have evolved during the 1970s, there are still some organizations which have not adopted the concept. However, the ignorance of knowledge management may affect the progress and growth of the organizations in the years to come. Hence every organization has to realize the importance of knowledge management and implement the same within their organizations to attain competitive advantage. Knowledge management is a tool which helps in the successful running of a firm because with people comes knowledge and with knowledge comes growth. The focus of knowledge management is connecting people, processes and technology for the purpose of leveraging corporate knowledge.

## Acknowledgement

We thank Dr. DP Singh for their guidance and providing their time and insight.

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**How to cite this article:** Singh, Pooja and Shahid Mohammad. "Effective Ways Knowledge Management Drives Business." *Int J Econ Manag Sci* 11 (2022): 653.