Wickramasinghe and von Lubitz begin Chapter IX of this book with a quote from Michael Porter:

*The nations that will lead the world into the next century will be those that can shift from being industrial economies based upon the production of manufactured goods to those that possess the capacity to produce and utilize knowledge successfully.*

This basic idea is both the reason for and the foundation of this book. Managing knowledge—capturing it, storing it, recalling it, and using it—is the fundamental process that will distinguish between successful and unsuccessful “organizations” of all sizes—from small groups to entire economies—in the 21st century. The authors take this assertion for granted requiring no further comment or proof. We live in a knowledge economy, one where knowledge is the critical resource, more important than any of the other traditional economic resources. What must an organization do in order to gain control of and effectively use the knowledge resource?

To answer that question, we should begin by clarifying what we mean by knowledge and the knowledge economy. That is where Wickramasinghe and von Lubitz begin this book. The first three chapters of the book focus on the nature of knowledge, the ways that knowledge is “created,” and the centrality of knowledge to organizational performance. Knowledge goes beyond data or information, though these are its fundamental building blocks. Knowledge is not passive and implies the application and productive use of information. Knowledge exists in an organization and in its environment, but the organization does not automatically benefit from that knowledge. It must be able to capture the knowledge, represent, store it, and make it available for recall, dissemination, and use. An organization that can capture, store, recall knowledge, and then apply it in relevant situations is at great advantage in today’s economy.

The first section of the book concludes by laying out a framework for thinking about knowledge management. The authors choose to adopt a socio-technical
perspective as their framework for thinking about knowledge management. In this perspective, three elements are key: people, process, and technology. Understanding knowledge management in any particular setting (organization) requires that we consider all of these elements. Wickramasinghe and von Lubitz discuss all three elements and describe knowledge management approaches focused primarily on the people involved (psycho-social aspects) or the technology employed. They prefer, however, to emphasize the process, and examine how the other elements of the framework impact on each stage in the knowledge management process. The advantages of this approach are that it is broad and context sensitive, and thus can be used to understand the variety and nuance in knowledge management situations across disparate organizations.

The middle portion of the book examines three critical knowledge management infrastructures—the business process infrastructure, the human infrastructure, and the technology infrastructure. Business processes are central to the functioning of all organizations, whether they are business organizations or not, and the functioning of these processes is critically dependent on the knowledge available to them. As a consequence, knowledge management can be viewed as the basis for success of these processes.

Knowledge workers are an ever-growing part of modern organizations, and they comprise the critical human infrastructure for knowledge management. The authors identify a range of issues that are important to an understanding of this human infrastructure, including:

- How a knowledge worker’s knowledge can be captured and retained;
- Monitoring and controlling knowledge workers’ actions;
- Managing change in dynamic environments;
- The organization’s culture and how it supports (or fails to support) knowledge management efforts; and
- The role of leadership in assuring the success of knowledge management efforts.

All of these are important aspects of the human infrastructure that should be examined in order to understand knowledge management in any specific situation.

The final infrastructure presented is the technological infrastructure. The authors suggest a three-layer architecture useful for thinking about knowledge management. At the top is the knowledge presentation layer, the knowledge portal. In the middle, the knowledge repository performs the technical tasks of knowledge management. And, at the bottom, there is a data sources layer, which may include multiple databases as well as other sources. The chapter discusses many specific technologies that may be used to support one or more of these layers.
While the first six chapters present the nuts and bolts of knowledge management, it is the final four chapters that put flesh on this framework and are the most interesting. Chapter VII focuses on the strategic level, reviewing several models related to strategy (e.g., Porter’s value chain, competitive forces, and generic strategies frameworks) and identifying areas where knowledge management can support strategy development and execution. The critical message is that while knowledge management can indeed be supportive of an organization’s strategic processes, there must be a conscious effort to make this happen.

In Chapter VIII, the authors come back to a theme hinted at several times earlier in the book—that of complexity. They develop an integrative model that pulls together many of the threads presented earlier, and use it to drive home the point that an organization’s approach to knowledge management must be context dependent.

Chapter IX focuses on learning and learning organizations. Learning is the key to success, even to survival, in dynamic environments and managing knowledge is fundamental to learning.

Finally, Chapter X presents six brief case studies of knowledge management in real situations. The cases are striking in their variety—by industry, country, objectives, approach, etc. Ranging from agents in real estate brokerages in the United States, to members of multi-disciplinary patient care teams in Australia, to the construction industry in Denmark, these cases help to highlight the universal appeal of knowledge management to support a very wide range of organizations. The approaches taken, types and sources of data, information and knowledge captured, and technologies employed—or in one case the lack of technology employed—differed, but the objective in each case was to harness available knowledge to improve performance. Each context presented its unique challenges and its own implementation issues, and each required that implementation approaches be tailored for that context. The value of these cases is to help us understand the range of situations where knowledge management is appropriate, while appreciating the importance of context and the differences across situations.

Knowledge-Based Enterprise: Theories and Fundamentals is a great starting point for someone who is beginning to explore the field of knowledge management, and provides a comprehensive introduction to this area. The frameworks developed early in the book are followed throughout and help the reader tie together the many pieces of the story. The book is also helpful for someone already familiar with the field precisely because of the consistent organizing frameworks it employs. The case studies are particularly useful for all readers who want to gain an understanding of knowledge management as it is currently being practiced.

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