Chapter XXI

Codification or Personalisation:
Choosing the Right Knowledge Management Strategy

Abstract

This chapter reports the results of an empirical examination of the effectiveness of two knowledge management strategies (codification and personalisation) in improving decision-making performance in a simulated forecasting task. Codification was manipulated with and without a procedural knowledge map, and personalisation in terms of an interactive and noninteractive decision environment. Results indicate that only codification had a significant effect on performance. Subjects with a procedural knowledge map demonstrated less frequent use of decision heuristics, and generated more accurate forecasts compared to those without such a map. Subjects from an interactive decision environment performed similarly to those working on their own.
The growing interest in knowledge management has been fuelled by three major
development trends: globalisation, with the increasing intensity of competition;
digitalisation, enabled by advances in information and communication technology;
and the rise of knowledge-based organisations together with changing organisational
structures, new worker profiles, preferences, and predispositions. As organisations
move towards becoming knowledge-based, their business success will increasingly
depend on how successful knowledge workers are at developing and applying
knowledge productively and efficiently.

Knowledge management (KM) is seen as a key factor in realising and sustaining
organisational success from improved efficiency and innovation. The basic as-
sumption of KM is that organisations that manage organisational and individual
knowledge better will deal more successfully with the challenges of the new busi-
ness environment. More specifically, knowledge management is considered as
central to process and product improvement, to executive decision making, and to
organisational adaptation and renewal (Earl, 2001).

The central task of those concerned with organisational knowledge management
is to determine ways to better cultivate, nurture, and exploit knowledge at differ-
ent levels and in different contexts. However, there are serious differences among
researchers in what constitutes useful knowledge and the ways in which it should
be managed. Various descriptive and prescriptive KM models and frameworks
have been appearing in the academic literature of many disciplines for some time
and recently, there have been a sequence of articles attempting to summarise and
categorise these (for review, see Handzic & Hasan, 2003).

According to Tsui (2003), the two most dominant approaches to deploying KM ini-
tiatives in organisations are codification and personalisation, introduced by Hansen
et al. (Hansen, Nohria, & Tierney, 1999). The proponents of codification approach
show a central preoccupation with explicit knowledge. They favour greater emphasis
on the use of technology, especially organisational databases and discovery tools.
On the other hand, the proponents of personalisation seem to be more interested in
tacit knowledge and sharing. They focus more on people and cultural issues in the
attempt to establish knowledge communities. Locating and connecting people of
common interest is the prime goal here.

It is not unusual for organisations to adopt a combination of the two approaches
in deploying KM initiatives. Some authors argue that such a holistic approach to
KM is the only possible way to realise the full power of knowledge (Davenport &
Prusak, 1998). Others, like Hansen et al. (1999), emphasise that trying to pursue the
“wrong” approach, or both at the same time, can waste time and money and even
undermine business success. They propose that the codification approach is more
suited for situations where work tasks are similar and existing knowledge assets