Organizational Capabilities and Knowledge Management Success: Evidences from Two Mid-Sized Indian IT Companies

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ABSTRACT

Literature on KM has greatly emphasized the role of IT as a decisive element in the success of KM while other capabilities are ignored or are not taken into account together. How these capabilities work together to support KM is a subject under-explored in the literature. The present study makes an attempt to bridge this gap and tries to answer the following research questions: (a) how organizational capabilities manifest themselves in the knowledge management processes; (b) how do the capabilities support the KM initiatives; and (c) how similar knowledge management systems can lead to different KM success patterns with difference in capabilities. Paper makes use of qualitative case study research design to explore the above questions in two mid-sized Indian IT Companies. Findings of the study show that companies operating in the same industry and having similar knowledge management systems can exhibit different level of success and acceptance based on their organizational capabilities.

KEYWORDS

Case Study Design, Decision Makers, IT Companies, Knowledge Management, Organizational Capabilities

1 INTRODUCTION

In the modern economy, knowledge is seen as a key to competitive advantage (Drucker, 1993). However, it is also acknowledged that management of this knowledge is not easy for organizations. In the literature concerning knowledge management and organizational learning within an organization, most researchers acknowledge the role of certain preconditions which organizations should have to make knowledge management initiative a success. Several factors have been proposed as drivers of success of KM initiative such as individual participant motivation, organization support and top management drive. Gold et al. (2001) constructed an integrated organizational capability model. This organizational capability model consisted of two dimensions knowledge infrastructure capabilities and knowledge process capabilities. There is a consensus amongst knowledge management researchers that there are preconditions such as culture, structure and technology which can support or shun knowledge management practices. These are clubbed together as knowledge infrastructure capabilities. Knowledge processes are primarily classified as acquisition, conversion, application and protection. These have been clubbed together as knowledge process capabilities. Although there are nomenclatural differences such as acquiring in place of acquisition, transfer in place of conversion and so on but under the skin they remain same (Pandey, 2013) as can broadly be classified as acquisition, conversion, application and protection.

Using the framework provided by God et al. (2001) the objective of this paper is to provide an empirical context for understanding the role of knowledge infrastructure capabilities and knowledge
process capabilities in knowledge management. The empirical context for this paper is mid-sized Indian IT companies.

The paper is organized as follows. In the first section we discuss the two core concepts – namely knowledge infrastructure capabilities and knowledge process capabilities with the help of organizational capabilities perspective proposed by Gold et al. (2001). This is followed by a section on methodology including research design, sampling and data collection. In the following section research findings of the two case studies are presented. Discussion and analysis of the findings are drawn in the next section. Paper concludes with the presentation of managerial implications, limitations of the study and recommendations for future research.

2. THEORETICAL FRAMEWORK

2.1. Knowledge based View of the Firm

Firms have seen ‘knowledge paradigm shift’ with the transition from resource based view to knowledge based view. Resource based view proposed that internal proficiencies (core competencies) are a source of competitive advantage for a firm (Barney, 1991). Resource based view further led to Knowledge Based View (KBV) of the firm. This came from the realization that amongst other internal resources of the firm knowledge forms a very important part. Knowledge is not easily replicable, valuable, rare, and non-substitutable (Grant, 1996). For theorists welcoming knowledge based view of the firm it was also cautioned that it is not easy for organizations to manage knowledge generated by their employees. It was also proposed that when knowledge is content specific, tacit, and embedded in routines, it is difficult for competitors to obtain and copy, and thus making it a source of competitive advantage (Narasimha, 2000).

2.2. Knowledge Management Capabilities: Infrastructure and Process

Wiig (1997) suggested that knowledge management initiatives will fail if appropriate investments are not made in organizational resources and capabilities. Davenport and Prusak (1998) reported that many firms have reached a phase of stagnation with their knowledge management programs as the programs are not delivering the desired outcome, thus considering the programs to have failed. They made a suggestion to focus on the development of core capabilities. While examining the issues of failure of knowledge management programs, Gold et al. (2001) provided a definitional and empirical context of knowledge management effectiveness from the perspective of organizational capabilities. They further divided organizational capabilities into two dimensions of knowledge infrastructure and knowledge process capabilities (refer Table 1). These dimensions are outcome of assumptions and expressions made in absorptive capacity theory, social capital theory and knowledge based view of the firm. Gold et al. operationalized knowledge integration through four knowledge management process activities known as knowledge process capabilities acquisition, conversion, application, and protection. These knowledge processes capabilities need organizational support in the knowledge infrastructure capabilities which are organizational culture, structure, and technology.

3. METHODOLOGY

3.1. Research Design

This paper adopts a comparative case study approach to explore the situated role of organizational capabilities and its influence on knowledge management success patterns (Yin, 1994) in two mid-
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