Chapter I

Introduction

The case study features a distributed international Community of Practice (CoP). CoPs are currently playing a major role in Knowledge Management (KM), and as organisations need to operate in a global economy, CoPs are having to function more and more in distributed environments. This chapter provides a context and background for the study by exploring the need for organisations to capitalise on their knowledge.

KNOWLEDGE IN THE MODERN ORGANISATION

Commercial organisations operating in the modern business environment face a range of pressures, of which globalisation, downsizing, and outsourcing are prime examples. These three pressures are each impacting on the knowledge of an organisation and have led to knowledge being recognised as a valuable resource that needs to be managed.

Downsizing and outsourcing mean a reduction in personnel. As people leave an organisation, it has been noticed that they take valuable knowledge with them. The organisations have lost not only people, but also part of their experience base. They have lost replaceable expertise, for example, knowledge of facts and figures or skills that can be brought in or perhaps even automated. Davenport and Prusak (1998) observe that after employees have
left an organisation as a result of downsizing it is realised that the organisation has lost some essential knowledge, and efforts are made to buy in the equivalent of this knowledge from outside.

Downsizing and outsourcing also result in the loss of a less easily replaced knowledge, over and above the replaceable skill that has been lost; that is the experience of how work is done in the organisation. As companies have cut out middle management, they are finding out that they have lost people who knew the details of the organisation — how to deal with different people, who to approach for specific problems, who best to use for different tasks, in short, who knew how to make things happen, and who had the knowledge required to get things done. Leonard and Sensiper (1998) noticed the same: “tacit knowledge also underlies many competitive capabilities — a fact driven home to some companies in the wake of aggressive downsizing, when undervalued knowledge walked out of the door” (p. 112).

The problem is not new. Rainbird reported in 1986 on the impact of new technology in the workplace. The technology was used to monitor highs and lows in labour demand thus enabling a greater use of part-time and temporary labour. It had, however, not been recognised that people accumulate experience and knowledge that they then apply while undertaking their work. The result, according to Rainbird, was that:

In their haste to let people go, they lost skills which were essential to production. These skills, though not formally recognised, had been acquired through experience and were based on knowledge of the system, the product and an ability to identify faults in the functioning of production lines ... the company had to bring back these unskilled women workers who had been made redundant, many of whom had subsequently found alternative employment, to train the new employees (p. 11).

This trend has continued up to the present as companies continue to outsource and downsize or euphemistically, “rightsize,” but they continue to have the same problems. It is not so long ago that companies were proudly stating that their people were their greatest asset. Now some of those companies are getting rid of people to cut costs, but they don’t realise what they are losing. In some cases they have lost whole swathes of middle management — the very people who knew how things worked and how to get things done.
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www.igi-global.com/article/exploring-virtual-reality-for-the-assessment-and-rehabilitation-of-executive-functions/203066?camid=4v1a