Chapter XXXI

Knowledge Management: The Construction of Knowledge in Organizations

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ABSTRACT

This chapter examines knowledge and innovation as invaluable factors affecting the longevity of large organizations. It presents the history and evolution of the concepts of knowledge and learning within organizations to provide grounds for establishing crucial factors affecting the development and maintenance of competitive advantage for large contemporary organizations. Thus the purpose of this chapter is to address the evolution of knowledge management, the meaning and purpose of knowledge management, and the organizational structure that supports such knowledge.

INTRODUCTION

Knowledge and innovation are widely known as invaluable factors in the longevity of large organizations. Managers in large organizations have been attempting to utilize and capitalize on these factors so that they can best leverage the knowledge base of their organizations to build competitive advantages for their firms. In so doing, organizations are struggling to understand, and address some of their knowledge and innovation concerns. These concerns are: 1) What is organizational knowledge?; 2) Where does it reside?; and 3) How does organizational learning take place and how does it generate knowledge?

In order to address and understand knowledge and innovation as invaluable factors that affect the longevity of large organizations, to utilize and capitalize on these factors so that they can leverage the knowledge base of their organizations to
build competitive advantages for their firms, one must understand what they are and their evolution. Thus the purpose of this paper is to address the evolution of knowledge management, the meaning and purpose of knowledge management, and the organizational structure that supports such knowledge. In turn, organizations striving for competitiveness and longevity will be able to have their concerns addressed.

THE HISTORY OF KNOWLEDGE MANAGEMENT

Some may argue that consultants developed knowledge management (KM) to replace declining revenues from the waning re-engineering movement. Others may feel that knowledge management is just a “re-bagging” of earlier information and data management methods (Prusak, 2001). According to Larry Prusak (2001), knowledge management, like any system of thought that has value, is both old and new, and its combination of new ideas with ideas that “everyone has known all along” should reassure practitioners rather than unnerve them. While the idea of consultants looking for a profitable new subject to replace an expiring one has some credibility, the fact is that knowledge management is not just a consultants’ invention but a practitioner-based, substantive response to real social and economic trends.

Thus, knowledge management describes both a business practice and an emerging theoretical field of study (Anonymous, 2000; McInerney, 2002; Southon, Todd, & Seneque, 2002). The desire to share knowledge is something so natural that it seems strange that knowledge management has emerged as something newly invented by corporations. Clearly, the thinking about knowledge management has resided in commerce and industry, and that is where most of the writing on the topic has been published, but recently literature on knowledge management has began to cross boundaries, and scholars in many disciplines have shown an intense interest in the creation of knowledge and its value and power when it can be shared across the organization. Since knowledge management theory is still developing, it is especially appropriate for those in the information and technology professions to examine knowledge management and offer analytical frameworks that can guide thoughtful and humane knowledge practices (McInerney, 2002). As such, knowledge management is an interdisciplinary field that draws on a variety of business activities and academic specializations. As its name suggests, knowledge management is concerned with systematic, effective management, and the utilization of an organization’s knowledge resources. It encompasses the creation, storage, arrangement, retrieval, and distribution of an organization’s knowledge (Anonymous, 2000).

The growing awareness and value of specialized knowledge in its various forms has been recognized in an emerging discourse known as knowledge management (Amidon, 1997; Hansen, Nohria, & Tierney, 1999; Nonaka & Takeuchi, 1995; Quinn, 1992; Sieloff, 1999; Wiig, 1993). Knowledge management is also known as organizational knowledge, for knowledge management is to theorists, as organizational knowledge is to practitioners (Anonymous, 2000; Duffy, 2000; Prusak, 2001; Yakel, 2000). This discourse, primarily conceptualizing knowledge as embedded in the experience, skills, wisdom, and capabilities of people, as well as in the processes, routines, and the tangible artifacts produced in an organization, is diffuse and complex, providing not only multiple perspectives of what constitutes knowledge management, but also different underpinning assumptions about its nature, contextualization, role, and indeed, the meanings of its constituent terms “knowledge” and “management” (Southon, Todd, & Seneque, 2002).