Chapter V

Knowledge Management: Analysis and Some Consequences

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ABSTRACT

Although the debate on the nature of ‘knowledge’ and ‘information’ is far from settled, it is now taken for granted throughout the academic world that the two notions are related but fundamentally distinct. This result, and its significant consequences, still need to be realised and understood by the great majority of the business world. In the first section of this chapter, we briefly comment on some characteristic views of ‘knowledge’ and ‘knowledge management,’ and subsequently we analyse in-depth the core constituent notion of the latter, that is, knowledge.

In section two, we outline three major consequences of our analysis. The first concerns the limits of management for a certain class of activities involving knowledge. The second concerns the scope and limits of technology for the same class of activities. The third concerns the issue of knowledge market. The thesis we develop is that knowledge cannot be taken as a commodity; in other words, the notion of a knowledge market is not implementable.

WHAT IS KNOWLEDGE MANAGEMENT?

Attitudes towards ‘knowledge management’ (KM) have fluctuated widely since the term first appeared. At first, it was highly and sharply inflated, then a deep, albeit less sharp, disillusionment trough followed until recently. Now, a slightly upward leading slope has started to take form. This should not come as a surprise given the wide disagreements, in both the academic and business worlds, concerning both the term ‘knowledge management’ and its central constituent notion: ‘knowledge.’

To start with compare the following three conceptions of KM that appeared in the Financial Times in November 1999.

“The systematic management of the knowledge processes by which knowledge is created, identified, gathered, shared and applied.” (Newing, 1999).

“[Knowledge management] Is about spreading information throughout a corporate body.” (Dempsey, 1999).

“The management of commercially valuable information.” (Vernon, 1999).

What these conceptions exemplify is that KM is perceived in two substantially different senses: a) as synonymous to information management; and b) as distinct from it.

The former sense is the case, knowingly or unknowingly, in the majority of firms dealing with knowledge management. This mistaken identification is what Malhotra (2000) terms the information-processing paradigm to knowledge management. The business world needs to realise that the notions of ‘knowledge’ and ‘information’ are substantially different from each other. It follows that firms also need to realise that certain activities cannot be just renamed and expect successful resolution by the application of old techniques and approaches. As Gupta and Govindarjan (2000, p. 71) remark:

“A gap exists between the rhetoric of knowledge management and how knowledge is actually managed in organizations.”

To be precise, the gap that exists is between the rhetoric of knowledge management and what is actually managed in organizations. And what is actually managed in the vast majority of companies is anything but ‘knowledge’.

The latter of the two senses introduced above is now taken for granted throughout the academic world and by some major pioneering organisations like
Significance and Role of Entrepreneurial University in Emerging Economies

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