Chapter V

An Expanded Model of the Effects of Organizational Culture upon the Acceptance of Knowledge Management

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ABSTRACT

Knowledge management (KM) entails several benefits for those organizations that practice it successfully. However, the success of KM is predicated on the organization possessing a suitable corporate culture. We present a model of a generic worker’s daily pattern of behaviors and examine whether or not this behavioral pattern is or is not conducive to the ready implementation of a KM system. Next, we expand upon that model to exhibit the role of corporate culture, especially as manifested in 13 different variables. The expanded model is corroborated by using it to explain why two organizations successfully adopted KM (The World Bank, and RWD Technologies, Inc.) and why two organizations were unsuccessful in their attempts to adopt KM (The Peace Corps, and a Private University). We conclude by offering suggestions for fruitful lines of future research.

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INTRODUCTION

The economies of the industrialized nations have entered into a new age—variously called the “Information Age,” the “Third Wave,” or the “Electronic Economy.” These labels refer to a transition that has taken place in the past few decades. Although there are still a few economies that primarily rely on traditional manufacturing, most economies rely on automated manufacturing and information-dependent service industries. These new economies are known as knowledge-based economies and are heavily reliant on information technology (OECD, 1996). While the means of production in the Industrial Age was industrial capital (plants, equipment, machinery), the means of production in today’s economy is knowledge capital. To succeed in the new world order, companies must adopt a new conceptual framework where knowledge is treated as a core corporate asset, and not as an expense (Housel and Bell, 2001).

Knowledge management (KM) is a compelling new information technology that can help organizations leverage their knowledge capital for increased competitive advantage (Davenport and Prusak, 1998). Some benefits of KM include ongoing access to the intellectual assets of the firm (even after key employees leave or retire), the ability to leverage the expertise resident in all facets of the organization, use of tacit knowledge accumulated over decades of experience, etc.

However, for a firm to enjoy the advantages of KM, a unique mindset and culture must be adopted by the organization in question. Indeed, having the right organizational culture in place is seen in the literature of KM as being the sine qua non of the field (Davenport, 1997; Mizumori, 1998; Rifkin, 1996). Unless the organization’s culture is sufficiently supportive of the activity and interaction patterns called for by KM, it will suffer the same fate as has befallen many organizations that attempted to implement Total Quality Management or Business Process Reengineering—initial acclaim followed quickly by abandonment. Unless KM systems are embedded within the larger context of organizational work practices, they are unlikely to be used (Nissen et al., 2000).

A key issue for KM practitioners is to ensure that their organization creates and maintains an environment in which collective knowing and knowledge-based processes emerge and evolve (Brown and Duguid, 1991). A critical question for organizations that are thinking of attempting to extract the value implicit from KM is to what degree are they ready to have KM successfully adopted by the people in the organization? In this chapter, we help organizations answer that question. We do so by first reviewing the literature on KM and organizational culture—this results in the derivation of 13 different factors that are posited to affect the adoption of technological change, KM in particular. We then integrate these factors into a two-layer model of the effects of organization culture upon the knowledge workers in the organization. We then examine a set of four case studies of firms that wrestled with introducing KM—two did so successfully while two have yet to experience success—in order to test the efficacy of the model. Finally, we show how organizations can use this two-stage model to determine whether or not they are ready for the introduction of KM.