Chapter VIII

Knowledge Management’s Impact on Organizational Performance

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Abstract

Establishing criteria for knowledge management (KM) is important, because criteria help to establish a basis for assessing the value and evaluating its results. More importantly, the criteria will tell us what the KM outcomes are and their relevance to organizational performance. The literature review has revealed that widely accepted criteria and performance measures have not been developed for KM. Delphi Technique and survey-based research using a questionnaire targeting KM professionals as respondents were aimed at establishing criteria for assessing KM success for different types of organizations. The results show what organizations consider important outcomes of a KM initiative. Contributions from this research effort should support government, nonprofit, and for-profit organizations in making decisions about KM initiatives and measuring KM efforts in terms of its relevance to the performance of organizations. Future research efforts can focus on developing these KM outcomes into detailed measures.
Introduction

Knowledge is recognized as a key economic resource, and obviously, organizations must possess the right knowledge in the desired form and context under all circumstances in order to be successful. Specifically, knowledge sharing and resultant knowledge creation are critical in order for organizations to gain competitiveness and to remain competitive. Knowledge is considered important for sustaining competitive advantage.

The continuous progression of civilization is a testimony to its ability to develop, learn, and share knowledge. Recent advances in information and communication technologies have made it easy to develop, store, and transfer knowledge. Globalization, increasing international competition, and a free market philosophy are driving forces for these advances in technology, and many organizations have realized that the creation, transfer, and management of knowledge are critical for success today.

The increasing gap between the book value and the market value of some business entities indicates the increasing importance of knowledge-based intangible assets (Marr, 2003) and knowledge management (KM). However, the dimension of KM has not received adequate attention (Holsapple & Joshi, 1999). Also, the KM concept is still understood as information management and is associated with technological solutions, such as intranet and databases (Marr, 2003).

Several organizations are attempting to use KM to improve organizational performance, but commonly accepted KM principles are yet to be developed. KM’s lack of focus (Fairchild, 2002) and absence of commonly accepted KM principles (Stankosky & Baldanza, 2001) are some of the gaps in this discipline. Among the commonly accepted KM principles or references that are missing are the criteria for measuring success associated with KM. In this chapter, a research effort is presented to address this knowledge gap from the practitioners’ point of view and leading to identifying expected outcomes of a KM initiative in organizations.

Definitions

Knowledge is derived from thinking and is a combination of information, experience, and insight. Deriving knowledge from information requires human judgment and is based on context and experience. Knowledge categories—tacit and explicit—can be found in different forms. While explicit knowledge can be found in articulated and documented forms, tacit knowledge, which is personal and specific to a social, organizational, or interpersonal context, does not always acquire physical form and can be found in people’s actions and interpersonal communications. Much of the tacit knowledge—a greater component of organizational knowledge—is found in social interactions, and different social contexts facilitate different modes of knowledge integration.

It should be understood that the primary focus of KM is to utilize information technology and tools, business processes, best practices, and culture to develop and share knowledge within an organization and to connect those who possess knowledge to those who need the
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Contexts for Tacit Knowledge Sharing
[www.igi-global.com/chapter/contexts-tacit-knowledge-sharing/48964?camid=4v1a](www.igi-global.com/chapter/contexts-tacit-knowledge-sharing/48964?camid=4v1a)