Assessing Knowledge Management Needs: A Strategic Approach to Developing Knowledge

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ABSTRACT

Most knowledge management work encourages practicing managers to pursue ever more knowledge development and sharing. There is an assumption that more knowledge always leads to greater competitive advantage and superior financial performance. Even though this may be the case, it is far from proven, and the application and use of knowledge management techniques may actually be more strategic, with optimal levels of effort and spending determined by differing circumstances. This study investigates these topics by assessing whether knowledge strategies might vary by industry, asset structure, and other potential variables.

Keywords: Asset Structure, Intellectual Capital, Knowledge Management, SPF Framework, Strategy

1. INTRODUCTION

An unspoken but almost universal assumption regarding knowledge management (KM) is that more is always better. More knowledge, more investment in information technology (IT) systems or human resource programs to manage knowledge, and more sharing across individuals and organizations are virtually always treated as unambiguously good moves for organizations. Methods may differ, but the issue of how aggressively to employ the right method is rarely addressed.

Questioning the full-bore approach among KM scholars and practitioners is a little like attacking motherhood, but our research has encouraged us to take a closer look at the question and, in fact, suggest a more measured, strategic approach to knowledge development. While we all know the numerous KM success stories, there have also been disappointments with installations at all levels, from massive IT systems to one-on-one apprenticeship programs. One likely reason is a poor strategic fit. The same KM approach does not necessarily fit all organizations. We could better serve practitioners by providing guidance as to not only the nature of KM installations but also their degree.

In this paper, we will review some past research that establishes a foundation for a more strategic approach to KM. We will then consider how practicing managers, whether in a strategic

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role or as knowledge tacticians, can assess their industry standing and competitive imperatives. We will look to provide insights into the choice of when to pursue KM on a grand scale and when to take a more measured approach. Finally, we will move on to some preliminary data illustrating concept and practice (as well as some of the difficulties to be overcome in such applications).

2. LITERATURE REVIEW

In spite of limited treatments of KM directly addressing this sort of strategic question, the scholarly literature has actually quite a bit of background suggesting that such an approach may be appropriate. And we should probably note that we fully acknowledge the branch of the strategy literature related to the resource-based view of the firm—as will be seen, that perspective is, in many ways, behind our work. But at the same time, even with the resource-based view framework, there exists an assumption that more knowledge resources are always better, regardless of the other resources needed to acquire them. The implicit bias is toward full speed ahead in all circumstances.

The main thrust of this piece starts with one of the core concepts of the KM field, that knowledge can be broadly categorized as tacit or explicit (Nonaka & Takeuchi, 1995; Polanyi, 1967). Explicit knowledge, easier to express and share, easier to categorize and codify, easier to manage with IT tools, is an important part of KM’s conceptual foundation. So also is tacit knowledge, harder to explain and communicate, and harder to codify (Boisot, 1995). Nonaka and Takeuchi (1995) further note that the type of knowledge transfer (explicit to tacit, tacit to tacit, etc.) matters in terms of the firm’s level of KM sophistication and the appropriate techniques to employ. Hansen, Nohria, and Tierney (1999), on the other hand, argue that an explicit (codification) or tacit (personalization) approach must be chosen by each firm for emphasis if it is to have an appropriate and successful KM strategy.

Unsurprisingly, then, the field broadly recognizes that differences in the type of KM to be managed have led to the development of different tools. Basically, different knowledge circumstances call for different KM approaches (Choi & Lee, 2003; Schulz & Jobe, 2001). Knowledge that is more explicit than tacit can more typically be categorized, analyzed, and shared through the big IT installations so popular in the late 1990’s and early 2000’s. Knowledge precursors, including data and information in e-network platforms such as enterprise resource planning (ERP), supply chain management (SCM), and customer relationship management (CRM) systems could also fall into this group as could competitive intelligence (CI) systems used to manage competitor knowledge. Tacit knowledge, on the other hand, usually needs more personal contact, so the use of communities of practice, expert systems (whether web-based or not), apprenticeships, and storytelling are more common to this sort of knowledge asset.

Other research has opened up further variables for consideration before practitioners decide on a specific KM approach. The firm’s beginning position, in terms of existing knowledge assets, can be important. Termed “absorptive capacity,” this preparation to expand knowledge resources will impact the choice of KM techniques (Cohen & Levinthal, 1990). Organizations can also be more effective by identifying and choosing the appropriate direction for enhancing knowledge assets: greater sharing, analysis and discovery, or acquisition of new knowledge (Schulz & Jobe, 2001). Most of our discussion so far concerning leveraging explicit or tacit knowledge through greater distribution falls into the “greater sharing” category. But firms can also analyze and learn from the knowledge they hold, a capacity termed “combinative capability” (Kogut & Zander, 1992) or a process of “knowledge integration” (Grant, 1996a). Kogut and Zander (1992) go on to note that the third option can also be important as organizations add to their knowledge base. Consequently, the circumstances will suggest the best way(s) to approach knowledge growth.
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