
Quest for a Knowledge Society in the New Competitive Age : an Art of Achieving Excellence

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“Thinking is progress. Non-thinking is stagnation of the individual, organization and the country. Thinking leads to action. Knowledge without action is useless and irrelevant. Knowledge with action converts adversity to prosperity.”

-Dr. APJ Abdul Kalam

“The only irreplaceable capital an organization possesses is the knowledge and ability of its people. The productivity of that capital depends on how effectively people share their competence with those who can use it”

-Andrew Carnegie

Abstract

We are on the threshold of 21st century. As such it provides us a vantage point where from we can scan the 20th century and foresee the future. Corporate sector by itself is constantly moving rapidly but steadily from “labor-based” business to “knowledge-based” business power houses. In the era of technological advancement, an organization can gain competitive advantage only through creating value from its intangible assets. For knowledge to be of value, it must be focused, tested and shared in common. As war and struggle for knowledge defines today’s business world, organization’s victory lies with those who create, recognize and organize knowledge. Knowledge Management Systems are in increasing spree with the passage of time and as such are required by organizations in order to sustain leadership in the face of emerging global competitive landscape. The paper highlights knowledge management as an essential tool in today’s emerging global economy. Also the paper emphatically emphasizes knowledge management is driving every organization’s strategy and as far as competitive advantage is concerned the 21st century is the driven by intellectual excellence.

Keywords : Competitive Advantage, Intellectual Excellence, Knowledge Management

1.0 Introduction

In today’s era of intense global competition and technological advancement, an organization can gain competitive advantage only through leveraging and harnessing its intellectual capital i.e. knowledge in the minds of the people. Even though Prof. Peter F. Drucker, the acclaimed management Guru coined the terms knowledge worker, knowledge manager and knowledge society more than forty years ago, till the turn of the present century, many organizations did not pay much of attention to Knowledge Management (KM) as a strategic tool. But most organizations today are thriving to acquire better understanding of KM and its associated benefits and realize that the knowledge of their employees is their most valuable asset. Knowledge Management

refers to the efforts to systematically find, organize, and make available a company’s intellectual capital and to foster a culture of continuous learning and knowledge sharing so that a company’s activities build on what is already known.

2.0 Objectives of KM

Knowledge Management (KM) is a newly emerging, interdisciplinary business model dealing with all aspects of knowledge within the organization. The modern industry is said to be an expanding knowledge-based enterprise. And as such KM needs to have the following objectives:

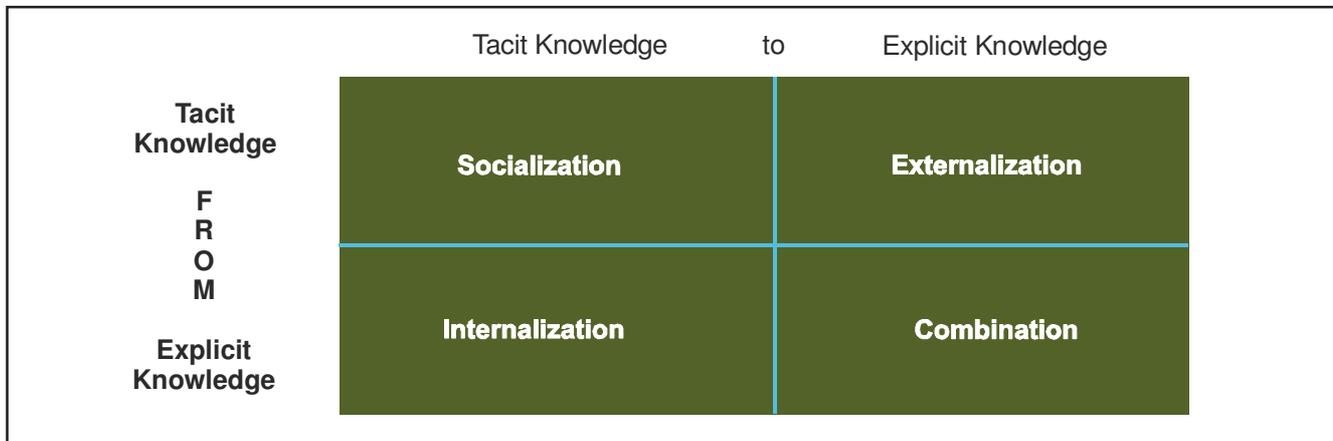
- To ensure an effective and efficient development of new knowledge and improvement of existing knowledge in tune with the strategy of the organizations;
- To focus dissemination of new knowledge to various other departments and also to new employees of the organizations;
- To adapt availability of knowledge to the time that the knowledge is needed, and correctly applied knowledge when required.

3.0 The Wonderland of Knowledge-Learning Interface

Several prominent experts and authors have written a lot on the concept of learning and knowledge, but it was only **Prof. Peter Seng's** book on learning organizations, that made the term "Learning Organization" popular. This has further led to popularize the concept of Knowledge Management (KM). According to him, a learning organization possesses the following features:

- It continuously expands its capacity to create its future.
- It believes in its populace to acquire a distinct competitive advantage.
- It provides for collective learning by motivating total employee involvement, and nurturing their creative and innovative ideas.
- It develops structure and designs, best suited to its employees so as to enhance organizational capabilities in achieving excellence.

Watkin and Marsick (1993) emphasize that; systems, to capture and share individual learning must be put in place before organizations can learn. **Nonaka and Takeuchi (1991)** describe such a system of knowledge creation in organizations. They distinguish four types of knowledge conversion among people, which can be combined to form processes in time:



- **Socialization:** Tacit knowledge reproduced as implicit knowledge. People learn from each other by sharing experiences, imitation, trial and error, and so forth.
- **Externalization:** Tacit knowledge made explicit. People learn by systematizing and coding their implicit knowledge making visible what is hidden inside them.
- **Combination:** Explicit knowledge reproduced as overt knowledge. People learn using materials and other resources specifically aimed at teaching people.
- **Internalization:** Explicit knowledge made tacit. People can learn by practicing skills, automating procedures, acquainting themselves with tasks by

doing them.

Nonaka and Takeuchi speak about a hypertext organization rather than a learning organization. According to their ideas, this type of company succeeds in combining the efficiency of a bureaucratic organization with the innovation capability of an adhocracy Organization (**Mintzberg, 1979**). Every member in the organization thus contributes to the creation, management and proliferation of collective knowledge throughout the organization.

4.0 Distinguishing Features of a Knowledge-Driven Organization

In order to understand and appreciate the knowledge driven economy of 21st century, let us focus on the following:

Organizations without KM focus	KM-driven Organizations
• Rigid but clear structure	• Innovative & flexible structure
• Usually pyramidal structure	• Propensity for flat structure
• Defined system	• Systems evolve constantly
• Untapped Organizational knowledge	• Sharp focus on Organizational knowledge
• Functional, hierarchical groupings	• Open multi-functional groups
• Frowns upon innovation	• Facilitates & rewards innovation
• No sharing of knowledge	• Fosters knowledge sharing culture
• Obsolescence is constant fear	• Obsolescence is tackled through planned interventions

5.0 Capitalizing on Hidden Assets

Management theory in recent years has gradually accepted that “hidden” assets increasingly play a major role for the survival of most companies in 21st century. “Intellectual capital is becoming corporate world’s most valuable asset and can be its sharpest competitive weapon. The challenge is to find what you have and use it” wrote **Thomas Steward** in Fortune almost a decade ago. These “assets” are hidden because they do not show up on the balance sheet of companies. At the same time, executives realize that successful companies will be those who do the best job of capturing, nurturing and leveraging what employees know.

The crux is that it is individuals, not the company, that own and control the chief source of competitive advantage

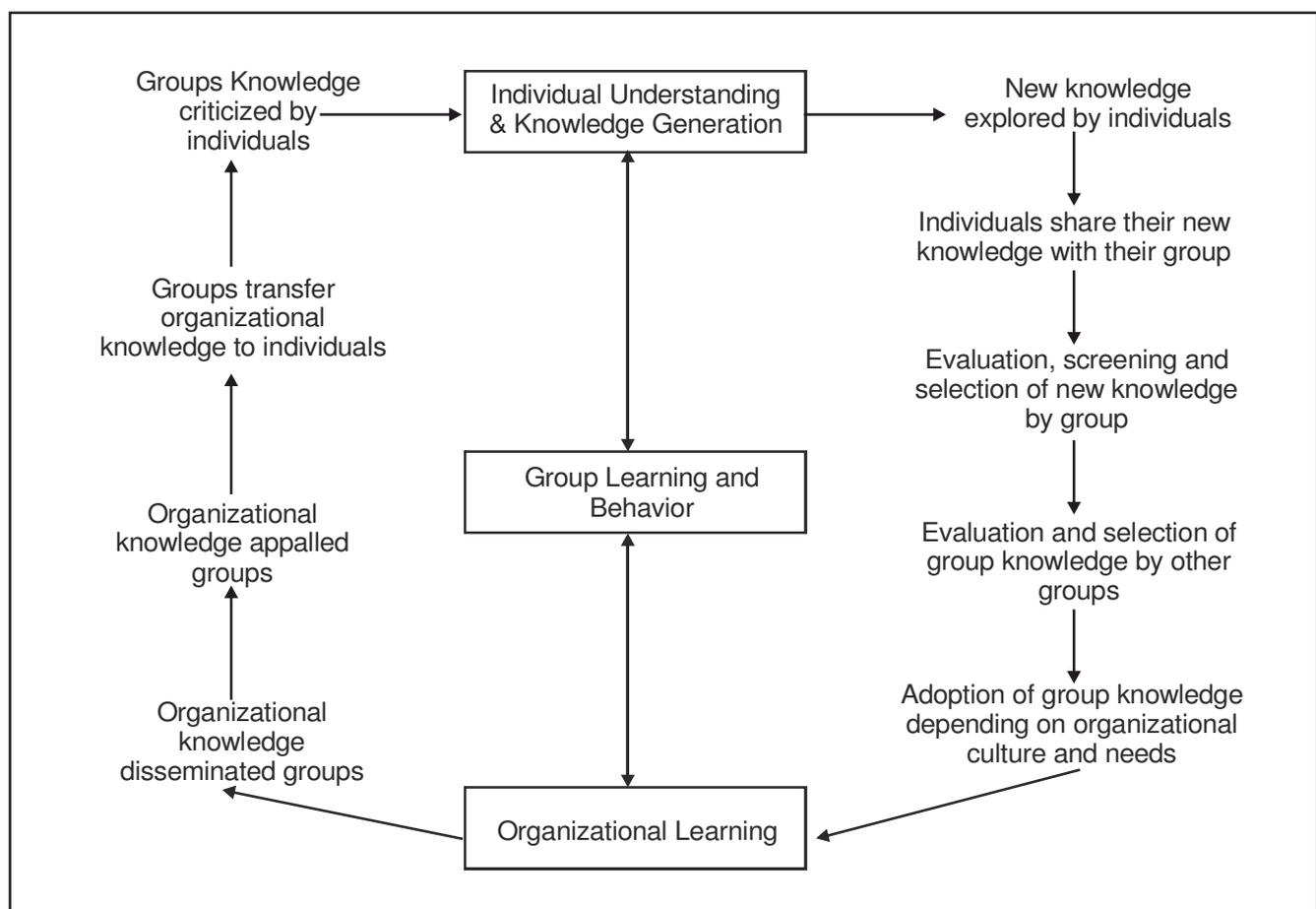
the knowledge of organizational members. Nevertheless, as **Prof. Peter**

F. Drucker has said, in the knowledge era the company needs to serve and nurture the “knowledge worker”.

This is the reason, concepts like “hidden assets” or most recently “Intellectual capital” often says more about the future earning capabilities of a company than any of the conventional performance measures we currently use.

6.0 Knowledge Management Model

The present model under consideration represents the basic processes through which an organization receives, evaluates, absorbs (or rejects), and deploys new knowledge. The overall dynamics of the knowledge flows at various levels are suggested in the following diagram:



Source : Developed by the Author

New knowledge first appears in the Organization when individuals criticize existing organizational and group knowledge, imagine alternative interpretive frame works and explore new forms of knowledge that would play an important role in their new alternative frameworks.

The knowledge of individuals then begins to move “upward” through various learning processes of organizational emergence as the new knowledge is evaluated, screened and selected (or rejected) by the organization at large.

At the top, managers and leaders play a key role by

deciding which knowledge will be institutionalized by the organization depending on organizational culture and needs.

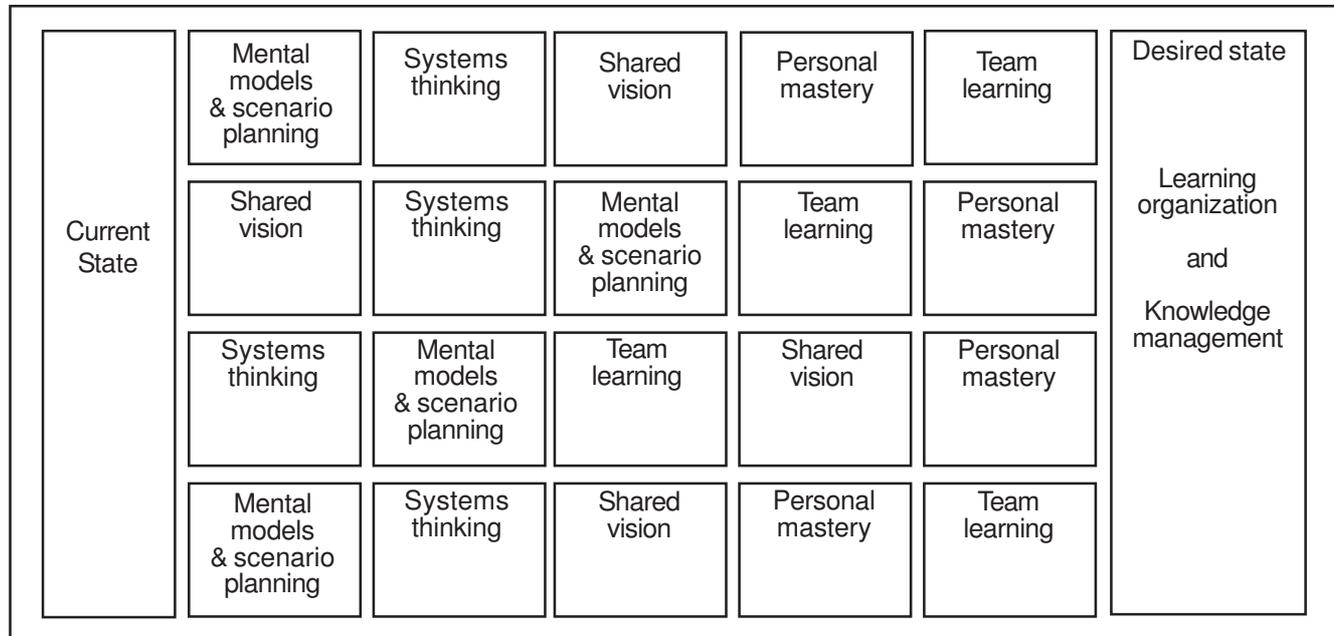
New knowledge accepted by management is integrated into the organization by becoming embedded in its control systems, its product and process architectures, and other formal systems for representing many aspects of the environment. Through an Organisation’s system designing processes, knowledge accepted by management is disseminated „downward to groups and individuals through their activities.

7.0 Knowledge Management Odyssey

In the present era of globalization and more particularly in the academic world, the concept of learning organizations – those practicing knowledge management is not new. Several authors have written a lot on the concept but it was only **Prof. Peter Senge's** book on Learning Organization, that made the term "Learning Organiza-

tion" well known. This has alternatively led to popularize the concept of Knowledge Management (KM). According to him "people continually expand their capacity to create results they truly desire; where new patterns of thinking are nurtured; where collective aspiration is set free, and where people are continually learning how to learn."

Knowledge Society in the New Competitive Age



Source : Developed by the author

Prof. Peter Senge presents five disciplines for learning organizations:

- Personal mastery, ensuring individual motivation to learn;
- Mental models, creating openness to misconceptions;
- Shared vision, building long-term commitment in people;
- Team learning, developing group skills like co-operation, co-ordination, communication and so forth;
- Systems thinking that constitute „the most important discipline integrating the other four.

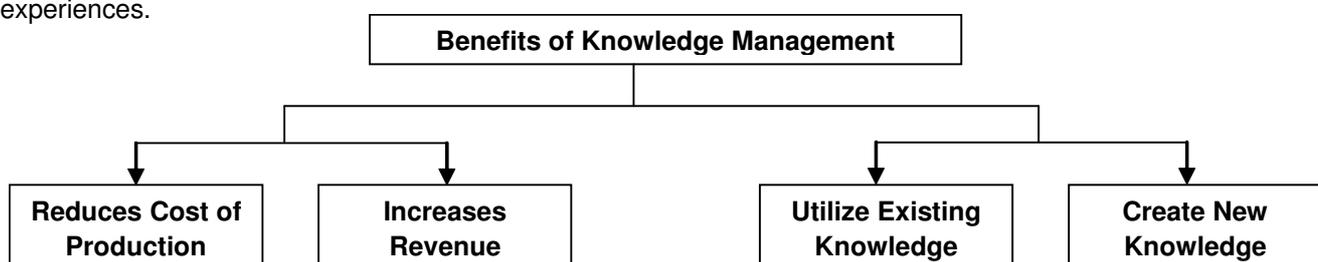
Hodgkinson (1998) and **Aspinwall (1996)** stress that people in organizations learn from the problems, dilemmas, and difficulties they encounter, together with their attempts they try to overcome them. In fact a variety of learning organizations that embark upon the knowledge transformation journey can benefit from each other's experiences.

8.0 KM Practice – A case Example

Managing Knowledge at Tata Steel

Tata Steel was chosen as one of Asia's Most Admired Knowledge Enterprise (MAKE) way back in 2003. It was the only company in the manufacturing sector in India, and the only steel company in the world to receive this award. The award was in specific recognition of Tata Steel's Knowledge Management (KM) initiatives, which were started in the late 1990s. Tata Steel's management expected KM to play a pivotal role in establishing intellectual assets, rather than physical assets, as the growth drivers of the company. KM was also expected to be an important source of competitive advantage for Tata Steel.

Generally, any KM implementation has two sets of benefits as depicted in the following diagram: First, it reduces the cost of production and consequently, increases the revenue. Secondly, it leads to the utilization of existing knowledge and creation of new knowledge.



According to the Tata Steel sources, “The key to business modernization in the 21st century is not just through the expenditure of huge sum of money to create physical assets, but orienting people – the greatest asset – towards meeting the opportunities and challenges of the future”. Tata Steel seemed to be well placed to achieve its mission which was redrafted in 1998 to include the statement: “Tata Steel enters the new millennium with the confidence of being learning and knowledge based organization”.

9.0 Road Ahead for Managers and Leaders

“Knowledge has become the most important factor in economic life”, says **Thomas A. Stewart**, a member of the board of editors of Fortune magazine. Further he adds, It is the chief ingredient of what we buy and sell, the raw material with which we work. Intellectual capital – not natural resources, machinery, or even financial capital – has become the one and only one indispensable asset of the corporations.

Hence knowledge management initiative requires a change in overall motivational practices; employees should be encouraged to give their ideas and these ideas should be suitably rewarded.

Cross-functional teams, learning communities support the development and sharing of knowledge. This kind of knowledge management initiative would help the organizations to build and develop intellectual capital and thereby create a learning environment.

The traditional hierarchical structures that served the industrial era are not flexible enough to harness the full intellectual capacity of an organization. Hence there has to be flexibility built into the managerial and leadership system to capitalize on opportunities and ensuring proper growth and prosperity for peak performance.

10.0 Wrapping up

Knowledge Management (KM) is one of the most influential and happening concepts in business world today.

To conclude,

The value of knowledge management increases with its effective deployment. Effective knowledge generated means high performance. It further leads to creative work-force, innovations, smooth processes, continuous product/service improvements, and proper communication.

Knowledge Management (KM) facilitates management to be flexible, to capitalize on opportunities and keep

pace with the rapidly changing business environment of 21st century.

An effective acquisition and application of knowledge shall eventually be the determinant of individuals, organizations and nations which thrive and successfully march on the road to prosperity in 21st century.

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