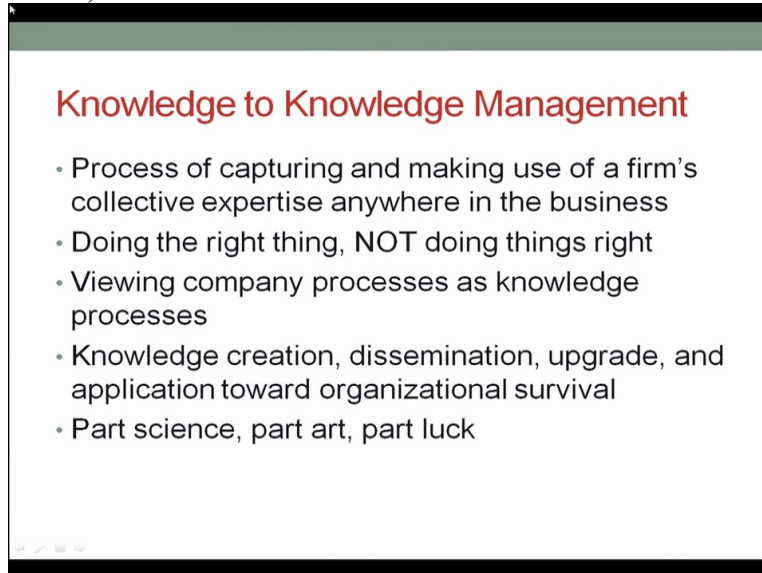


Knowledge Management
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Lecture 03
KM and KMS

Okay! So, in the next part we are going to move to defining what is knowledge Management?
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Knowledge to Knowledge Management

- Process of capturing and making use of a firm's collective expertise anywhere in the business
- Doing the right thing, NOT doing things right
- Viewing company processes as knowledge processes
- Knowledge creation, dissemination, upgrade, and application toward organizational survival
- Part science, part art, part luck

Till late we have been talking about what is knowledge, different kind of knowledge? How to convert knowledge? And these kind of things. Now, what we are going to do is, to move from knowledge to knowledge management. So, what is Knowledge Management? Knowledge management is also a process through which we are able to capture and use the knowledge that is required by the business.

So, that is basically helps you to become more efficient not just effective. Now if you look at second part which is doing the right things. Doing the right means, you are going to be more efficient than doing the right, things right. That is, you are going to be effective. So, that is where the knowledge management makes a difference.

That is you are going to be more innovative, more effective, more productive and that is what I mean by doing the right things. Now in this case we have to see that what are the different processes that the company adopts and whether we can treat them as knowledge process or not,

because through each process you are going to generate something that is new which is going to help you to be effective.

So, here we are treating each process or each business process which company follows is as a knowledge process. And in this context, any business process related to any function can be treated as a knowledge process. Say, for example, how are we going to recruit people? Is there a recruitment process?

Now if you look that the recruitment process whether the recruitment process is going to help you to recruit quality talented people or not, okay? And whether you are going to make certain change in the process to make it more efficient? So, once go through this process, you also come to know that how it can be made more efficient so that you get better quality people.

Now this becomes a knowledge process that how are going to recruit more efficient people in the organization. And in the process you can also go about changing the recruitment process using knowledge and experience as a base. Now, if you look at knowledge management system it includes certain parts like creation, dissemination, upgrading and using that knowledge for growth and development of the organization.

Now the first part is Knowledge creation that is very creating knowledge. Disseminate where you pass in the information to those who require it. Upgrading of knowledge means that you are going to continuously update the knowledge base, whether the database or the knowledge system that you have it because the nature of knowledge itself is very dynamic.

Nature of knowledge keeps on changing over a period of time. New knowledge comes in, in every domain, every function, every area. So, what you need to do is, keep on upgrading the knowledge system so that you become relevant. Knowledge systems or knowledge management systems become more relevant.

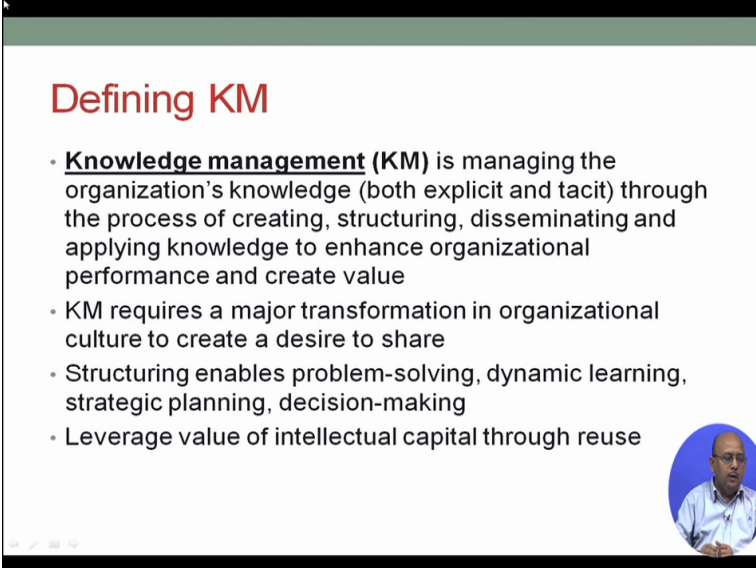
And then, the most important thing is that using that knowledge for the growth and development of the organization. If you are not going to apply whatever knowledge is there is archive in your system for the growth and development organization. Then there is no point in creating a knowledge management system to the organization. That is why knowledge management system is very, very important.

Now if you look at the last point, it says part science. Part science, it means that it is based on knowledge and skill, both. So knowledge is a science part and skill is however you are going to make use of science part and part luck. The effectiveness or the performance of the knowledge system sometimes also depends upon the chance.

Because the nature, the environment keeps on changing even if you have a knowledge management system it may not work tomorrow. So, you have to see that how good and efficient knowledge management system evolving and dynamic knowledge management system that are created based upon your knowledge, your experience and the applications.


And if that is so then you are going to be more lucky otherwise not, so when I am saying part luck means yes partly it is also depends on your luck if the nature or the environment changes then whatever knowledge that created may not be very, very useful.

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Defining KM

- **Knowledge management (KM)** is managing the organization's knowledge (both explicit and tacit) through the process of creating, structuring, disseminating and applying knowledge to enhance organizational performance and create value
- KM requires a major transformation in organizational culture to create a desire to share
- Structuring enables problem-solving, dynamic learning, strategic planning, decision-making
- Leverage value of intellectual capital through reuse



Now, I am trying to define knowledge management system. Based on our earlier discussion, now, if you look at, it says that it is managing the organisation knowledge both explicit and tacit. We have already discussed about what is explicit knowledge? And what is tacit knowledge. So, organisation knowledge does not only include explicit but also tacit knowledge ok. Through the process, we are going to create a system.

Creating, structuring, disseminating and applying knowledge to enhance organisation performance and create value. Now, if you look at the second part it says or it talks about the

knowledge management system. So, you need to have a knowledge management system in place to create knowledge, to structure knowledge.

That is, to archive that knowledge in a particular system, disseminate also need to see that what is the retrieval process and what is the process of using that knowledge to enhance performance of organisation. Because if you are not able to apply that knowledge or you not able to retrieve that information from archive you cannot use it, so each part, all the four part of the processes are very, very important.

So, the four different parts of the knowledge management that is knowledge creation process, how the knowledge is created in the organization. See most of the organization has used knowledge base, databases. But they are not aware that they have these knowledge bases. So, you need to tell them, okay that these are the knowledge that the organization has.

Then structure, structure that is where IT systems helps you to archive the knowledge or the databases, okay into a system, using technology so that you are able to store that knowledge in a structure form. When you are talking about structure of knowledge you have to see that how the knowledge is organized, codified and classified in a particular form so that retrieval is easy. So, this is related to what you call, Structuring.

Now the third part is dissemination. Dissemination is basically related to the retrieval process. What is the process of getting back the information from a structured part? That is from the archive? So this has to be a technology enabled system through which you are able to retrieve relevant and contextual information which you can make use of it.

And the fourth part is, applying knowledge and that is where you are going to make use of knowledge to create better performance to be more efficient and productive. And that is how you are going to create value to the organization. See, ultimately, why you need the knowledge management system in the organization?

The idea is that you are going to use this knowledge management system to create value in terms of increasing growth, development, market value whatever it is. So, if you are able to create value, it means that you are going to increase the bottom line, the performance and effectiveness of the organization. Then only it is good or you are going to have an efficient knowledge management system okay.

Now another thing that is required for having a good knowledge management system is transformation in the culture okay. So what kind of culture you require in the organization? There are two kinds of things that require that you need to create knowledge sharing culture. Knowledge sharing culture means where people need to share their knowledge with each other. And that is how this tacit knowledge goes to other form, other people as a tacit knowledge or into explicit form.

And that is where you are able to transform tacit into explicit form. Now, the question is that how are we going to create a knowledge sharing culture in the organization? The knowledge sharing culture can be created in the organization through relationships, through dialogue, calling the best practices, interactions, relationships with teams, working effectively. So, these are the different processes that would be used by the organisation.

And you need to create a culture, so that people are ready to share the knowledge. And another important issue is that when I am talking about organisational culture, what kind of culture is required? And you need a culture where people are ready to share their knowledge with each other; that you need to create a climate in the organisation, where the perception of risk and threat is minimized, one.

Second is, it also needs to create a culture where people are more creative and innovative. It means you need to create a culture that is more entrepreneurial and market oriented. In this context, what will happen? People will come forward and for that you also need you need to link this with the reward system.

So, collaboration and reward system is very important for people to come forward and share their knowledge. If you have collaborative system, you have dialog, you have relationships through which people share their knowledge. What is required for this is, trust. You need to develop exercises or you need to build up teams, cohesive teams; you need to also look into group dynamics factors so, that people work with each other.

Or willingly ready to share the knowledge with each other. Otherwise what will happen? You will not be able to transform the culture in the organisation and people will not share their knowledge. And another important thing is structure. Apart from organization culture you also need to create a culture, sorry, Structure.

But what I mean by structure is the structure of the organization. Structure, basically, talks about the reporting relationships. So, you need to create a structure where there is a more integration and coordination across levels in the hierarchy, okay. So if, you have to see that the structure facilitates effective performance; because if you have created the structure which creates barriers and road blocks, then, you cannot expect people to come forward okay.

So, you need to develop a structure which is less rigid and less formal where people are empowered okay. And people are ready to solve problems. Learning takes place, learning is facilitates, learning is facilitated, okay. And people are going to take decision either individually or collectively in a group so that it is going to help you to create knowledge.

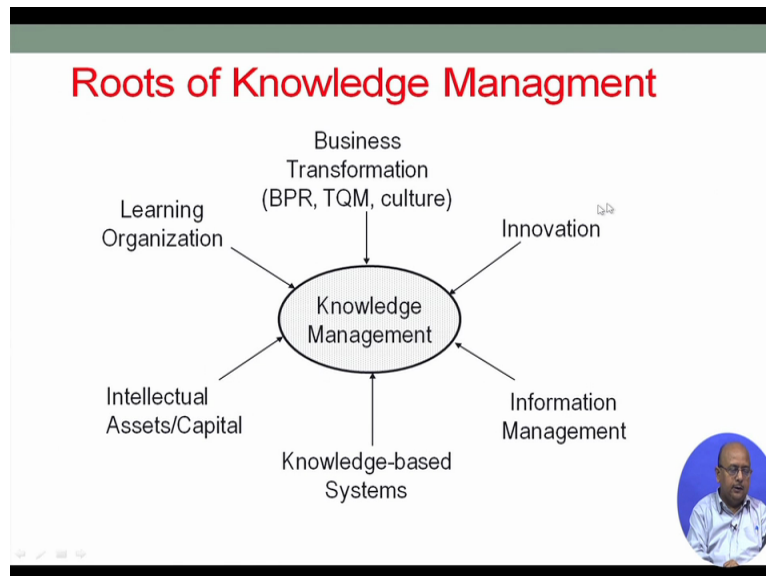
Not only create knowledge but other forms of knowledge. So, the structure is the enabler. That is you have to develop a structure where people are more empowered, decision making is decentralized, okay. Span of control is very less; you have more informal system compared to a more formal rigid system.

So, you need to develop an organized structure, compared to mechanical structure. And that helps in certain things which are basically facilitators for the knowledge management. And the most important thing is leveraging value through intellectual capital. Now, when I am talking about intellectual capital, which is nothing else but consists of different kinds of capital, which is there with the people, relationship and the structure of the organization.

So, you are going to see that how you are going to make use of this intellectual capital including human capital through reusing it means that you need to regularly use this capital in order to grow and develop okay that is where intellectual capital also plays an important role to facilitate

Knowledge management system.

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Next time I am going to talk about where the knowledge management system lies and how it is related to different kind of things? Now if you look at this graph, you can see it is related with different kind of things like business transformation where you go for business process reengineering, total quality management, changing the culture okay.

And that is where it is related to knowledge management, innovation okay because knowledge management is what? It is creating new things production processes and that is where you are going to related with the innovation. Knowledge management I have already talked about is related information management.

There is a difference between information management and knowledge management. Information management means you have database which is organized, codified and classify in certain class. So, if this organized database if it is used in a context and applied to perform the outlet effectively, basically, you are using knowledge or knowledge management system which is basically derived from the information management system.

Then you also develop knowledge based systems. What are these knowledge based systems? They could be teams, they could be organizations, there could be things in organization system and processes which creates knowledge. So, they are basically knowledge based system because these knowledge based system are like R and D systems.

R and D systems basically knowledge based systems. Job of R and D based system is to create knowledge. Then, knowledge management is also related to intellectual capital or assets of

capital. Since knowledge resides with the people are the human and that is why we related with the intellectual capital of the organization.

Knowledge management is also related to learning the organisation means, those companies which have been engaged in knowledge management activities, they continuously try to invite and improve themselves, to remain viable, grow and develop, right. And that is what learning organisation means because if we define learning organization it says those organization can be called learning organization continuously and innovative both cases.

But it is not an end state it means tomorrow if, today if you are learning organisation not necessary tomorrow you are going to be learning organisation. It is a cycle it means, you need to continuously innovate and improve yourself to remain viable and to create a position for yourself which cannot be undermined by others. And that is how you achieve competitive advantage also.

So, knowledge management system can help you to be efficient okay in terms of innovation and other things. And that is where you try to become a learning organization and on continues basis and not just at a particular stage, okay.

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Need for Knowledge Management

- *Knowledge has become the key resource, for a nation's military strength as well as for its economic strength.*
- *It is fundamentally different from the traditional key resources of the economist – land, labor, and even capital*
- *The performance capacity, if not the survival, of any organization in the knowledge society will come increasingly to depend on those two factors (Drucker, 1994).*

Now, many questions have been asked by organization why we need to move to a knowledge management system. Why we require a knowledge okay. Why companies should go and end up in knowledge system in organization. The first point I am saying is knowledge management is the key source for organization, for economic strength of a country or anything like that.

It means that knowledge is the only resource which is the most important resource for any organisation including a nation because it has certain characteristics. See the knowledge which resides with a company or an organisation cannot be imitated, cannot be copied. And that is where knowledge becomes the only source of competitive advantage for any organization or for any institution.

So, provides strength to the organization as well as to the country and it cannot be compared with any other kind of resources in the organization, okay. It is fundamentally different from other e-resources of the organisation or economist like labour, land and even capital. Why? Because if you look at these resources, what you call land, labour even machines or even the money. What happens to these resources?

The value of these resources depreciates over a period of time. But value of knowledge increases over a period of time, okay. And that is how it is different from other resources. Now, if the organization is based on knowledge okay, then, the performance of that organization is going to be much better than any other organization.

And that is why Drucker says that performance is not capacity if not the survival of any organization in the knowledge society will come increasingly depend upon these two factors. That is knowledge and capital okay. So, what I mean to say is that if you look at these statement is suggest that yes, if companies have knowledge management systems, they are going to be more efficient, they are going to survive, okay in an unpredictable environment okay. (Refer Slide Time: 17:30)

Forces Driving Knowledge Management

- **Increasing Domain Complexity:** Intricacy of internal and external processes, the rapid advancement of technology.
- **Accelerating Market Volatility:** The pace of change, or volatility, within each market domain has increased rapidly in the past decade.
- **Intensified Speed of Responsiveness:** The time required to take action based upon subtle changes within and across domains is decreasing.
- **Diminishing Individual Experience:** High employee turnover rates have resulted in individuals with decision making authority having less tenure within their organizations than ever before.



Now moving from this, so what are the factors which have been driving away the organization to become knowledge management systems ok? See, many Indian organizations including IT organizations, defence labs, R and D labs had try to develop an knowledge management system whether it is Infosys, or whether it is IBM, or whether it is ONGC or defence labs.

Most of these technologies driven organization have gone for creating a knowledge management system. Now, the thing is that why these companies have moved to have a knowledge management system at first place, okay. Now if you look at this four factors which we have been discussed now is basically or the forces which have motivated or driven companies to move to create a knowledge management system in the organization.

And these include increasing domain complexities, what does it mean domain complexities? The domain, the environment in which most of the organisations were prevailing, has become more and more complex; okay not only the internal domain, but also the external domain. Internal domain has some change in terms of systems, process and technology which companies has been adopting okay.

External domains the environment in which the companies have been the companies operating right. So, the internal and external environment has been changing constantly okay and this has created more complexity. When we say complexity it means the frequency at which these factors are changing are much more at the same time there a lot of factors environmental internal, external environmental factors which are at work.

And they are creating more and more complexity in the environment and also in the organisation and because of this it has become important for organization to have knowledge management system. Otherwise what will happen? They will not be able to cope with the challenges of the organization okay.

And knowledge is the only source which can help them to compete. And that is why they want to create knowledge management system so that they can make use of it to survive and grow. Now another important factor related to the market which is an external environmental factor, okay. Market volatility, market has become has become very, very volatile because the changes that is happening in the market.

Now, because of the market are at risk and lot of changes have been happening in the market. It has created a situation where organisations were not able to understand what to do. How to cope with the changes or how to perceive the risk that is associated in the market and act upon is very, very difficult. But if they have a knowledge base, it would help them because they can have database is where they have documented proof for the; how the company has dealt with market oriented in the past.

And that kind of information can help them, get them some input that how to use that databases of that information to work in the current market context. I give an example. See, if you look at the stock market, the stock market value keep on changing, okay. The latest example that I can give you is after the election when president Trump has won, most of the Asian market fell down.

Now this is market oriented when anything that is happening in the political environment of the nations, it has the direct impact on the economy of the nation. Now, in face of a continuous change of flux in the stock market how you are going to create or stabilize things for your organisation? So, if you know, if you have information both explicit form and tacit form.

That is going to help you to see that, how you are going to cope up with the change that is happening in the market. Next is responsiveness, speed of responsiveness. See, lot of changes that is happening in the organization and the way people responding to the changes is very, very important.

See if you look at the product life cycle, I am just taking one example to explain. What is happening to the product life cycle? It is getting shorten and shortened. If it is not going to respond to this kind of behaviour of the product what will happen you will not be able to offer good products, innovative products which have better features to the customers.

And then if your speed of responsive is low in offering new product to the customers and new service to your customers, you will lag there, right. So, speed of responsiveness is not only in offering products, but also in services. How fast you can provide better customer service that is equally important okay. Not only selling the product, but also providing after sales services.

So, speed of responsiveness, it is also not only related to the speed also the quality of what is your response is there. All these factors basically very, very important, When I am talking about

speed of responsiveness whether it is of offering products, new products, customer care services, quality of services. So, all these are important. If you are not able to compete with the help of these things probably will not be able to survive anymore.

So, how knowledge management is going to help you? Because knowledge management system can help you to track how things are happening? What kinds of changes are happening in the market, products and services? And accordingly you prepare yourselves and see that how well you can compete. And the most important is that why companies have gone for having a knowledge management system is because many companies, you know, that there is a high employee turnover rate okay.

People are leaving the organization. So, when people leave the organization they also have the go with the knowledge that they have acquired over a period of time okay. What happens when people leave? They leave with the knowledge that they have and then the companies not able to utilize the knowledge which is there with the people. So, what is the way out?

Create knowledge management system through which you are going to capture the knowledge that is there with the people. And this knowledge capture has to be in an explicit form so that it is available to others, okay. So, if knowledge is captured that is related to services, processes or products with which an individual is associated, okay.

And it is available to others then what will happen? Even if the people leave, the knowledge related to that individual is there with the organization, okay. And then organization can make use of that explicit knowledge for use. So, if suppose new person joins, he will have all those systems processes okay captured and then he can make use of that to perform the job, right.

So, it helps individual to do it even the people are leaving and that basically diminishes the individual experience. It means, now, it is organization are not going to give more priority to people, but their knowledge. And they are more interested to capture the process and the knowledge base of those people so that could be of use, even if the people are leaving.

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Benefits of KM

- People don't have to spend as much time looking for answers
- People can move quickly on their problem-solving anywhere and anytime
- People can work more effectively and more efficiently
- Share **best practices**
- Competitive advantage
- Expertise can be leveraged
- Better decision-making
- Reduced costs, therefore increased profits
- Retain key talent and expertise
- Improve customer retention and/or satisfaction



Now what are the benefits? They are not the benefits which the organisation can get, okay when it comes to adopting a knowledge management system okay. See, they can easily retrieve the information with the knowledge management archive. So, they do not have to look out for information elsewhere. And then, that information that they are getting from knowledge system can be used for decision making, problem solving, okay.

And with the help of blogs and portals, people can work more effectively. And you can also share the best practices that you have followed, okay. And it also helps you to provide competitive advantage because you can leverage expertise which is available with other people provided it is available in some form okay.

And knowledge also helps you to take better decision because you have most of the information that is required to take decisions, okay. And if you have adopted knowledge management systems, basically, companies have been benefited a lot in terms of reducing cost, improving quality, increasing profit and all kinds of things have happened.

And the examples of various companies which have been able to save lot of money by adopting a knowledge management systems okay, it also helps you to retain talent and expertise, because once people come to know that they are going to be recognised for their knowledge and experience, he would stay back with the organization.

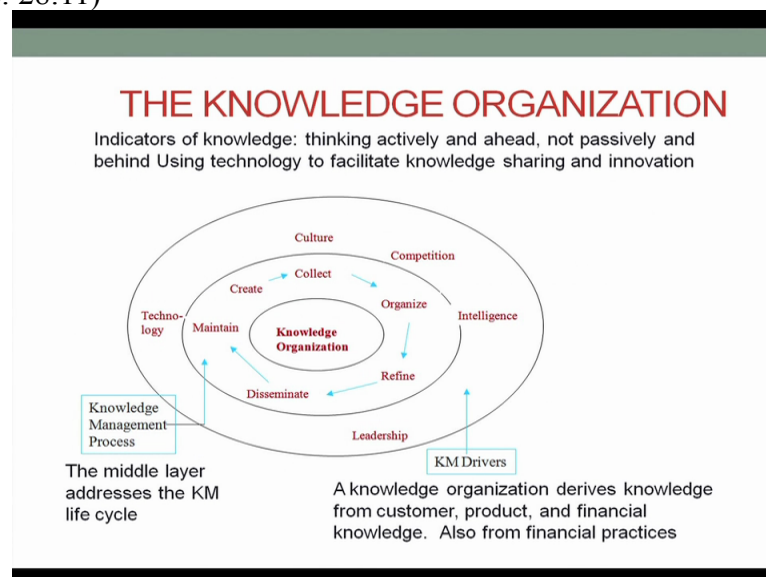
The only thing that you need to do is that you need to target with reward systems, okay. If you tag it with the reward systems, make performance, a knowledge sharing as a part of a

performance appraisal system. If people sharing knowledge, you reward them probably and recognise those who are sharing knowledge are those were creating knowledge by promoting them, giving them better rewards okay and these kinds of things.

Probably you would be able to retain talent and expertise. And that we can also say that it would help you to manage your talent in a better way. And also this knowledge management system helps you to serve customers better, I mean earlier I talked about it that two factors okay. Customer services that you are going to have.

In retention, in terms of commitment and loyalty that you can expect from customers by providing better services, a quality services and this customer satisfaction when you provide through better quality services, you will be able to make them loyal and committed to your organization. But how it happens?

How you are going to provide better quality services? Using the best practices, which the organisation has followed for providing services, not only your organization other organisation also, provided you have knowledge about the kind of systems, practices, or bench marks that are being followed by other organization and that is where you will be able to retain your customers. (Refer Slide Time: 28:11)



Now look at the knowledge organization okay. If you look at the central part of this which shows, this part, that is about the knowledge organization. So, what is Knowledge organisation? Knowledge organisation is one which has one knowledge management system, right which is

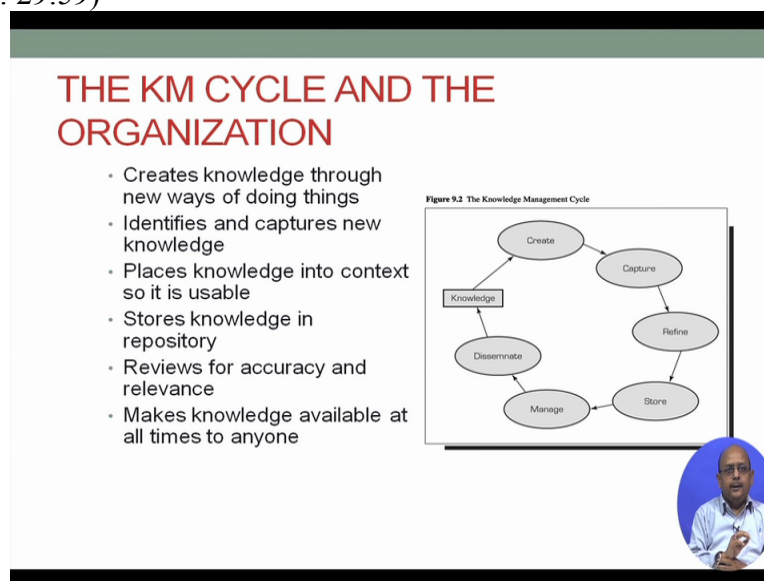
active, which is creative not passive but using technology to facilitate knowledge sharing and innovation.

So that kind of an organization is called knowledge organization. Now in the middle you will find it talks about, the middle layer talks about the KM life cycle. Now when I am talking about the knowledge management life cycle, what you call the processes. It includes certain processes starting with creating. That is creation of new knowledge, collecting that knowledge, storage and then, organised in a codified and in classified form.

Then, refining it for the use; disseminated it, passing it on to other people who can make use of it; and maintaining that databases. Now what are the drivers of the Knowledge management system, we have already talked about various drivers related to culture, competition, leadership and technology so these are the drivers okay and this knowledge drives knowledge from customers products okay and other things.

And that is how you create knowledge organization, what you need drivers, a system so that you are able to create a knowledge organisation for yourselves.

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And this is the knowledge management cycle I have been talking about. Create, capture, refine, store, manage, disseminate that is knowledge. To start with this knowledge creation, by doing new things and identify and capture knowledge place knowledge into a context, so that you are able to make use of it otherwise it is not good.

Then you have a repository database systems whether you are going to store the knowledge and then you are going to manage it, you are going to see that whether it is correct or not and then it to make it available to others so that they can make use of it and that is how the knowledge management system works, thank you.