

# Review on Knowledge Management

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**Abstract:** *The goal of this paper is to address the important relationship between the High Performance Working System (HPWS) as the main component of Strategic Human Resource Management (SHRM) and organizational performance as the basis for the determination of sustainable competitive advantage. It also explores the link between HR strategy and business strategy. Findings validated the relationship between SHRM-HPWS and financial as well as non-financial (employee outcome) organizational performance based on literature review as evidenced. HR strategy is also related to business strategy as it leads to maintaining high-quality customer satisfaction, delivering high-quality, loving employees and sustaining employee dedication and commitment to the company for effective and sustainable competitive advantage. It thus strengthens employee growth, motivation and willingness to remain in the business for longer. To conclude, to retain the competitive advantage, organizational efficiency can be achieved through various sources. The conceptual framework often reflects how the research comes to an end.*

**Keywords:** *Knowledge, Management, Organization, Tool*

## I. INTRODUCTION

It's no longer a debate that we are living in a globalized world marked by rapid transfer of information through the Internet through wide geographic areas. The result of this globalization[1] is the rise of knowledge-based economies where priority is attached to successful human capital management to ensure that workers continue to create the right economic value. Nowadays, companies are no longer competing solely on the basis of financial capital[2] and power, but the new competitive advantage in business is awareness. Nonetheless, the growth rate of the Gross Domestic Product (GDP)[3] is now calculated, among other factors, by the quantity and quality of information stocks harnessed and implemented in economic sectors during the production process. These knowledge-based economies require good practices in Knowledge Management (KM)[4] to be put in place to improve effectiveness of the organization. A popular saying goes that knowledge is power. On the basis of this assertion, it may be said that knowledge management is the key to power.

Knowledge management has generated considerable interest in corporate and management circles due to its ability to deliver to organizations, strategic outcomes related to growth, competitiveness and capacity building. Knowledge management is promoted as an important and necessary tool for competitive success in the

organizational survival and maintenance. KM is defined as a methodology for the design of the strategy, systems, and processes of an organization so that the organization can use what it learns to learn and generate economic and social value for its clients and society. Organizations need a good capacity to maintain, grow, coordinate, and leverage the capacities of their workers to remain at the forefront and have a lead over competitors. Information and information management are seen as important characteristics for organizational survival; while the key to understanding KM's organizational successes and failures is to define tools that help organizations to recognize, develop, transform and distribute information. Organizations that handle their information efficiently and communicate it are more creative and perform better.

Successful companies now understand why they need to maintain awareness, create strategies on how to achieve that goal, and devote time and energy to those efforts. This is because KM has been identified as a key driver of organizational success, and as one of the most significant resources for organizations' sustainability and prosperity. Hence it is important for companies to effectively manage and use information and take full advantage of the importance of knowledge. Due to changes in the environment such as increasing globalization of competition, speed of information and knowledge aging, dynamics of both product and process innovations, and competition through buyers, the attention and importance given to the acquisition of KM in literature as well as practice in recent years is also of necessity. KM is increasingly seen as key to organizational efficiency and performance in a knowledge based economy. KM is an important and necessary component for organizations to survive and maintain competitive enthusiasm and so managers and executives need to consider KM as a prerequisite for higher productivity and flexibility in both the private and public sectors.

## **II. FOUR KEY COMPONENTS OF KNOWLEDGE MANAGEMENT**

Most companies have recognized that technology-based competitive advantages are fleeting and that the only lasting competitive advantages they have are their employees, which means they must have a good capacity to retain, create, coordinate and optimize their employee skills in order to stay at the forefront and maintain a competitive edge organization. The realization came that processes and technology alone are not enough to drive an organization but its human force (staff) are very integral pivot in organization's success. Therefore, in order to manage knowledge effectively, attention must be paid on to four key components: Knowledge, People, Processes and Technology. KM's focus is essentially on connecting people, processes, and technology to leverage knowledge.

Knowledge is people's observations, understandings, and practical know-how. It is the fundamental tool that allows people to work smartly. Knowledge can then be said to be an invisible or intangible possession, in which its acquisition requires complex cognitive processes of understanding, learning, communication, interpretation, and reasoning. Knowledge as knowledge in conjunction with experience, meaning, perception, reflection, and observation adding a new level of insight. Knowledge becomes meaningful when viewed in the broader context of culture, which evolves from philosophy and belief. Knowledge is rooted in organizations not only in records or databases but also in corporate structures, procedures, methods, norms and cultures.

KM's second constituent is people are the information sources. Humans ' ability to think creatively and independently, combined with experiences and skills, is making people important sources of knowledge. People are the producers and users of information because, in addition to creating knowledge, individuals absorb knowledge from diverse sources on a daily basis. KM ultimately starts with men, moves around, and finishes. It is therefore pertinent to consider people in KM strategy and implementation. People face growing need for information as part of daily task or routine. And to achieve integration and the implementation of applicable knowledge, these needs should be addressed by tools, processes, systems, and protocols. Workers (people) need to be able to seek out knowledge, experiment with it, learn from it, and even teach others as they innovate so as to promote new knowledge creation. Creating a KM program that allows people to feel the value is a very important part of organizational success.

Processes, which is another aspect of KM, as mechanical and logical objects[5] that direct the way organizations perform their work. Processes control organizational work, and thus are essential to organizational functioning. Therefore, understanding their significance is important for a KM programme. Processes could be produced and executed by humans, computers or a mixture of both. A crucial necessity for KM is to be able to comprehend and chart work processes. Inputs, outputs, staff, resources, and research can be easily described as being carried out in a given phase. System visualization helps to represent what's really happening in the enterprise and how things are being accomplished. Knowledge necessary to accomplish tasks can then be communicated and appropriate technologies or human intervention can be implemented to meet these needs with the goal of increasing organizational efficiency and effectiveness.

KM's most recent part is technology. Technology is a vital enabler and the cornerstone of a KM program. KM can be attained by technological solutions with the developments in information and communication technologies (ICTs)[6]. The ICTs promote communication between geographically dispersed people and teams. ICTs also encourage KM activities by codifying awareness, as well as rich and interactive ways of internet communication. While technology is critical and can allow KM significantly, it is necessary to note that it is not a solution in itself. Technology does not make organization share information, but technology will expand the reach and scope of such exchanges when people want to share it. Putting in place an ICT-based KM program is not in and of itself going to make people use of it, but the effectiveness of KM initiatives requires taking into account the socio-cultural factors that hinder the willingness of people to share knowledge, such as conflict, confidence, time or concern about power / status loss.

### **III. DIMENSIONS OF KNOWLEDGE**

Five distinct types of knowledge: embodied[7], incorporated, accepted, encultured, and encoded. They describe embodied knowledge as knowledge gained by training the body to perform a task; it is difficult to disembody this knowledge entirely from the people. Embedded knowledge is a knowledge that is found in routines and systems. Common organizational tasks, routines or the common ways in which people perform their jobs can hold embedded

knowledge, as the routines facilitate learning among employees that go beyond their job. This fact by stating that knowledge is embedded in practice, and is inseparable from it. That is, information found in work practices is simultaneously expressed by the workers who conduct these practices.

Embrained is defined as the knowledge that a person may possess, but has trouble expressing or interacting with others in words. It is also described as a knowledge that it is not easy to write down, talk to others, or represent with pictures or other tools. Through time it is learned by experience and can represent one's views, beliefs, values and morals. Encultured knowledge is defined as a collection of knowledge shared between groups of people sharing a similar environment or culture, such as what is accepted, what actions and opinions are considered normal, and what behaviors people expect.

Therefore in organization, it can be said that organizational knowledge is embodied and embrained in the staff, embedded in routines/common tasks, encultured among the staff, and encoded in manuals, guidelines and procedures.

Awareness can be divided into two distinct types. Knowledge as occurring in two dimensions – awareness implicit and explicit. In general, knowledge is classified most generally as either explicit (coded) or tacit (that which is in the heads of people). Tacit awareness is a person's personal and context-specific knowledge, found in the human mind, actions, and interpretation. This grows from the experiences of men, and requires skill and practice. Tacit knowledge is highly personal (held within the holder), subjective, difficult to formalize, express and fully convey, experience-based, contextualized, job-specific, conveyed through interaction or narration, not captured by formal education or training and may even be subconscious but capable of becoming explicit information. It is the type of information that is mostly used in the performance of duties by the organizational leaders. Tacit awareness is difficult to verbalize because it is conveyed by skills based on experience and cannot be reduced to rules. It is deeply rooted in policy, processes, commitment, beliefs, principles and it can only be reached indirectly.

#### **IV. PROCESSES OF KNOWLEDGE MANAGEMENT**

KM is seen as a mechanism in which many processes are developed to incorporate key elements of the KM strategy and operations of an organization. For example, an organization must first recognize and collect information, and then coordinate it to put knowledge within the limits of the organization. Knowledge is also transmitted and exchanged across the organization's participants, using both human and technical means. Through this transition, the company leaders may apply the new information to their tasks / work activities, which may include the use of KM systems or the creation of the business case for KM projects for an organization.

Awareness building is necessary for any organizations' survival. The formation of awareness is an activity that takes place during everyday activities, at work or in a social setting. Building of information takes place in many diverse forms, which could be by humanistic methods (such as formal training or talking to like-minded people) or scientific processes (data mining). The creation of knowledge is primarily a human process; technology can promote

the creation of knowledge but cannot replace humans. Organizations exploit their ability to use new knowledge to create knowledge, evolve and generate value. Such knowledge leads to new and innovative products; awareness strengthening internal processes and operations; and information to strengthen the organization's capacity for strategic decision-making and direction. For any organization that wants to stay viable within its industry, the ability to create awareness and produce a competitive advantage is now essential.

The necessity to create organizational knowledge has been identified above. It is equally important to note that knowledge held by organizations must be easily accessible and retrievable in order for any activities requiring knowledge to be effective. That means organizations have to organize their knowledge so that it can be retrieved by the appropriate individuals. In other words, the fundamental aim of organizing knowledge is to enable it to be reclaimed. The consequences of failing to arrange information in a way that leads to retrieval and use can be serious. Therefore it is critical that organizations spend resources and energy to manage and coordinate the information that resides within the organization's boundaries.

## **V. THE MANAGEMENT OF KNOWLEDGE**

Defining KM could really be a challenge, since KM is a highly interdisciplinary field that attracts scholars and practitioners from various fields (including philosophy, information science, library science, economics, management, sociology, and engineering). Searching through so many meanings from different authors which say that KM gets the right information at the right time in front of the right people.

KM's operational origin arose within the consulting community, having realized the internet's intranet flavor potential for linking geographically dispersed and knowledge-based organizations together. This realization came at a time when it was recognized that information and knowledge are essential assets for the success of any organization. And so the emphasis in KM is to collect the information and knowledge that is as it were in people's heads and that has never been specifically laid down and made available, so it can be used by others within the company. KM's initial phase was driven primarily by Information Technology (IT)[8] on how to deploy IT to make more efficient use of information and knowledge, and this stage's hallmark phrase was called 'best practices.'

The advent of KM also coincided with the growth of the global knowledge-based economy[9], in which focus was shifted from conventional factors of production to knowledge, namely capital, land, and labor. With the transition from an industrial economy, focused on commercial products, the nature of the work has shifted tremendously to a knowledge-based economy, where service and experience are the main business outcomes. Some scholars claim that successful information management is a key element for companies aiming to deliver sustainable competitive strategic advantages.

## **VI. THE NEED FOR MANAGEMENT OF KNOWLEDGE IN ORGANISATIONS**

Why the Knowledge Management Need? The key factors driving KM's need are organizational stability[10], competitive differentiation, impact of globalization, and aging workforce. Given today's management complexities, the responsibility for managing awareness demands the utmost attention, as most of the job is information-based. It is an undisputed fact that knowledge-based companies thrive, as products and services are becoming increasingly complex. Consequently, the need for life-long learning has become an inevitable reality and KM has become necessary as marketplaces are becoming increasingly competitive and the pace of innovation is growing. Downsizing workers often generates the need to replace formal approaches with informal information. KM is also important because early retirements and increased labor force mobility lead to a loss of knowledge while changes in strategic direction that lead to a loss of knowledge in certain specific areas. Knowledge and information, in other words, have become the mechanism in which business problems happen. As a result, information management offers the primary opportunity to achieve significant savings, significant human performance improvements and competitive advantage.

The recognition that a company must control its expertise if it is to succeed in today's complex and competitive marketplace is another important factor driving the need for KM. Survival issues as non-profits are not limited to for-profit companies and even public agencies have all understood KM's importance. Without adequate care in how knowledge is managed, organizations will not operate optimally and this will result in the ineffective and inefficient creation and delivery of products and services leading to unsatisfied customers, which is ultimately leading to the company's demise.

## **VII. CONCLUSION**

There was discussion of the importance of information management in organizations. Effective knowledge management has been described as a critical ingredient for organizations seeking to secure a sustainable competitive strategic advantage. It has been shown that processes and technologies alone are not sufficient to push an organization, but its people (staff) and the information that exists in the people are a very important pivot in the performance of organizations. Therefore, in order to be successful an organization, attention must be paid not only to processes and technology, but also to information and its employees (which are people who are the sources of knowledge). KM has also been shown to be closely related to the organization's priorities and business strategies, and thus to be a very valuable management tool. It is only cost-intensive, ineffective, or counterproductive if KM fails to add value to the company. A relevant question which is being asked is whether information is always good? There is always a belief that knowledge is generally positive. But it's hard to assume that knowledge is always good and positive. In this paper it was discussed that knowledge is one of the resources providing sustainable competitive advantages for organizations.

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