

KARNATAKA STATE



OPEN UNIVERSITY

Mukthagangotri, Mysuru-570 006

MBA

(FOURTH SEMESTER)

Elective : C-People Management

KNOWLEDGE MANAGEMENT



Department of Studies and Research in Management

Course : 22C

Module : 1 to 5

KARNATAKA STATE



OPEN UNIVERSITY

MUKTHAGANGOTHRI, MYSURU- 570 006.

DEPARTMENT OF STUDIES AND RESEARCH IN MANAGEMENT

M.B.A IV Semester

ELECTIVE: C- PEOPLE MANAGEMENT

COURSE - 22 C

KNOWLEDGE MANAGEMENT

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Dear Learner,

It gives me immense pleasure to welcome you to the Department of management to study MBA Second Year (Fourth Semester) in our esteemed university.

I am Extremely happy in placing this study material in your hand. The Department of Studies and Research in Management, Karnataka State Open University is providing you Self Learning Materials (SLM) for all the courses developed by the team of experts drawn from various conventional universities, Open Universities, B-Schools Management institutions and professionals.

This study material explains even the most complicated topics in a very simple and user-friendly manner, it starts with the Objectives, explanation of concepts followed by Case study, Notes, Summary, Key Words, Self Assessment Questions and References. It provides more value added information on contemporary issues.

Department has focussed on conceptual learning and on avoiding bulky and prolonged description. Every concept has been explained in the simplest manner. Some complicated concepts have been simplified in the study material, so that the learner can learn easily.

The Department of Management, Karnataka State Open University is offering three electives or specialization. You have already chosen the stream in which you wish to specialize i.e. Finance, Marketing and People Management. Hope you will gain expertise in you field.

The specialization in an MBA is due to business complexities and diversities. The MBA is over 100 years old now. Leading management institutes are trying to come up with new and innovative ways to educate the next generations of business leaders. In an MBA, an elective facilitates learners to plank extra focus on one particular area of interest and tailor their MBA in a different way depending on their background and future goals.

a) Finance – Finance is one of the most popular specializations of Master of Business Administration (MBA) program. MBA specialization in finance offers, benefits to working professionals in a variety of industries, including commercial and corporate banking, investment services and real estate. MBA in Finance gains you business and financial skills need to work in a number of enterprises. Finance Specialization balances mathematical rigor with management techniques. The finance papers offered by the department builds you as a stock market experts coupled with the knowledge of corporate finance and banking.

b) Marketing – Marketing has become one of the most desired specialization both by students and employees in recent years. With the shift to digital and online marketing, most businesses now have their own, in-house marketing teams specialized in bringing customers to the company. Prospective students aspiring to demonstrate that they have the potential to become an excellent marketing manager require a broad skill set. Individuals with soft skills, such as communications, tend to grow well in marketing field. Other desired skills for marketing typically include analytical and leadership skills. The department has carefully chosen the papers to impart the above skills in you.

c) People Management – The ever increasing importance of the individuals in the success of a business, makes an in depth study of human behaviour very crucial. Effective management requires insight over the aspects of human behaviour, which can only be gained through study of the related theories and principles of people management. The department has strived to provide you knowledge on training, change management, labour loss and so on to prepare you to face these soft challenges.

In addition to the study material provided to you, I advise you to go through the books which are suggested in the reference of every unit. Further, I also suggest you to make yourself acquainted by reading newspapers and journals.

Apparently, the curriculum designed by the board of studies helps you to prepare for UGC NET, various state commission examinations and UPSC examinations. With these words I welcome you for the wonderful learning experience of business education.

I wish all the best and good luck in your education and successful management career.

Dr. C. Mahadevamurthy
Chairman
Department of Management
Karnataka State Open University
Mukthagangothri, Mysore 570006

INTRODUCTION

Nowadays, with corporate mergers, employee turnover and global expansion, people must work differently: they need to collaborate with peers that are overseas, exchange ideas, keep current on global matters and have quick answers to their questions. The power of Social Media plays an important role in knowledge management as it enables employees to collaborate, connect and rapidly access to experts and information. Social networks also allow people to collaborate, to be human and to express themselves in the electronic environment. They have a solid foundation of trust and popularity among employees and they are part of the knowledge sharing culture.

Knowledge is every organization's largest asset, yet it can be an overlooked and underutilized resource if not managed effectively. Successful organizations know that knowledge in action get results—accelerating the rate of learning; cutting down the risks of not knowing and repeating mistakes; and retaining knowledge assets when people move, leave, or retire.

Knowledge management (KM) is the systematic management of an organization's knowledge assets for the purpose of creating value and meeting tactical & strategic requirements; it consists of the initiatives, processes, strategies, and systems that sustain and enhance the storage, assessment, sharing, refinement, and creation of knowledge. Knowledge management therefore implies a strong tie to organizational goals and strategy, and it involves the management of knowledge that is useful for some purpose and which creates value for the organization.

KM involves the understanding of: Where and in what forms knowledge exists; what the organization needs to know; how to promote a culture conducive to learning, sharing, and knowledge creation; how to make the right knowledge available to the right people at the right time; how to best generate or acquire new relevant knowledge; how to manage all of these factors so as to enhance performance in light of the organization's strategic goals and short term opportunities and threats.

The present course: 22C Knowledge Management aims at fulfilling the needs of the learner from the view point of KM which is emerging in Indian context has been grouped into 5 modules and it is further divided into 20 units for better understanding.

Module: 1-Comprises of four units (1 to 4) which includes introduction to knowledge management, which explains the meaning and definition, concepts of knowledge management. Further the unit is detailed with knowledge life cycles, intellectual capital, levels of KM etc. Unit 2 explains about knowledge culture, under

which it explains definition, objectives of KM, drivers of organizational KM etc. Unit 3 details about KM process, under which it explains knowledge creation, codification, application and transfer etc. Further, at last unit 4 explains about knowledge application and system, which includes knowledge applications to work practices, knowledge service, strategic knowledge leadership and knowledge leader.

Module: 2-Comprises of further four units (5 to 8) where unit 5 explains about strategic KM and Organizational Culture. Further it details about models of KM, knowledge workers, phases of knowledge development and KM infrastructure. Unit 6 details about harnessing organizational knowledge, building KM into strategic frame work etc. Next unit that is unit 7 explains about organizational culture for knowledge management, which further details about factors influencing the organizational culture, importance of knowledge – centered culture, knowledge cultured facilitators etc. The last unit which is unit 8 explains about knowledge sharing culture which further helps to understand about the cultural change in organisation, effective knowledge sharing practices etc.

Module: 3-Comprises of next four units (9 to 12) where unit 9 details about knowledge economy, which includes information about KM approaches, principles of KM, knowledge networking, developing KM capabilities etc. Further unit, which is unit 10, includes information about learning organizations and KM, which details about characteristics of learning organisation, initiatives for learning organizations, shift from training to learning and finally obstacles to become a learning organisation. Next, unit 11 includes information about insight to KM, which further details about different types of knowledge, knowledge sharing, knowledge creation etc. The last unit which is unit 12 comprises information about strategy, issues and challenges in KM, Which further details about KM retention, issues, challenges etc.

Module: 4-Comprises of next four units (13 to 16) where unit 13 provide information about talent management systems, where unit 13 details about meaning, pillars, financial benefits and principles of talent management. Next unit which is unit 14, details about performance management which includes information about meaning, definition, and objectives of performance management. Further it explains about performance management process, evaluating employee potential etc. Unit 15 encompasses information relating to talent management and social media. It includes information relating to social media, applications of social media in talent management, trends in talent management etc. The last unit which is unit 16 includes information

relating to retaining talent and strategies. Further it details about talent retention, talent strategies and building blocks of talent management systems.

Module: 5-Comprises of next four units (17 to 20) where unit 17 encompasses the information relating to talent planning, which includes information relating to succession management process such as importance, responsibility, challenges of effective succession planning and also cross functional management etc. Further unit which is unit 18 includes information about talent development budget – value driven cost structure, such as return on talent, employee value proposition, instrument in talent etc. Next unit, unit 19 includes information relating to contingency plan for talent, which has information relating to market driven contingency plan, talent attraction, employer branding, attracting the right candidate and recent trends in human resource planning. Finally the last unit, which is unit 20, includes information relating to building talent leadership coaching, which includes information relating to developing leadership talent, coaching, clarifying strategic intent etc.

KNOWLEDGE MANAGEMENT

Leaders of successful organizations are consistently searching for better ways to improve performance as well as results. Frequent disappointments with past management initiatives have motivated managers to gain new understandings into the underlying, but complex mechanisms such as knowledge which govern an enterprise's effectiveness. Knowledge Management, far from being a management "fad", is broad, multi dimensional and also covers most aspects of the enterprise's activities. To be competitive and successful, experience shows that enterprises must create and sustain a balanced intellectual capital portfolio. They need to set broad priorities and integrate the goals of managing intellectual capital and the corresponding effective knowledge processes. This requires systematic Knowledge Management. With knowledge as the major driving force behind the "economics of ideas", we can expect that the emphasis on knowledge creation, development, organization and leverage will continue to be the prime focus for improving society.

Dr C. Mahadevamurthy

Chairman

Department of Management

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MODULE -1

KNOWLEDGE MANAGEMENT PERSPECTIVES

UNIT - 1 : INTRODUCTION TO KNOWLEDGE MANAGEMENT

Structure :

- 1.0 Objectives
- 1.1 Introduction
- 1.2 Meaning and Definition of Knowledge Management
- 1.3 Concept of Knowledge Management
- 1.4 Knowledge Hierarchy
- 1.5 Tacit and Explicit Knowledge
- 1.6 Knowledge Conversion and Knowledge Spiral
- 1.7 Knowledge Life Cycles
- 1.8 Intellectual Capital
- 1.9 Levels of Knowledge Management
- 1.10 Knowledge Management Maturity
- 1.11 Leadership and Knowledge Management
- 1.12 Role of Leadership in Knowledge Management
- 1.13 Notes
- 1.14 Summary
- 1.15 Keywords
- 1.16 Case Study
- 1.17 Self Assignment Questions
- 1.18 References

1.0 OBJECTIVES

After reading this unit, you will be able to;

- Highlight the meaning and definition of Knowledge Management.
- Understand the concepts of Knowledge Management.
- Analyze the role of leadership in Knowledge Management.

1.1 INTRODUCTION

“If you born poor it’s not your mistake, if you die poor it’s your mistake”. This saying is apt in the era of knowledge. The successful organizations are not bestowed with enormous resources to begin with they are successful by using the knowledge management skills. The economy of the country also can be improved by way of managing knowledge.

Knowledge, knowledge workers and KM are topics receiving increasing attention from a variety disciplines. KM is one of the hottest topics today in both the industry world and information research world. “Many have said we are moving from a post industrial to a knowledge-based economy.” (**Drucker,1993**). Effective KM is now recognized to be “the key driver of new knowledge and new ideas” to the innovation process to new innovative products, services and solutions. Knowledge Age is the third wave of human socio-economic development. 1st wave was Agricultural Age, Wealth was defined as ownership of land, 2nd wave was Industrial Age, Wealth was defined on ownership of capital (i.e. factories), 3rd wave was Knowledge Age, Wealth was based upon the ownership of knowledge and the ability to use that knowledge to create or improve goods and services. Now we have got an opportunity to know and understand about issues relating to knowledge management.

1.2 MEANING AND DEFINITION OF KNOWLEDGE MANAGEMENT

- Knowledge management (KM) is the process of capturing, developing, sharing, and effectively using organisational knowledge.
- According to **Sunny Liu** “It refers to a multi-disciplined approach to achieving organisational objectives by making the best use of knowledge”.
- According to **Duhon, (1998)**: “Knowledge management is a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of an enterprise’s information assets.

- Knowledge management is the deliberate and systematic coordination of an organization's people, technology, processes, and organizational structure in order to add value through reuse and innovation. This is achieved through the promotion of creating, sharing, and applying knowledge as well as through the feeding of valuable lessons learned and best practices into corporate memory in order to foster continued organizational learning -**Kimiz Dalkir**
- Knowledge management is the systematic underpinning, observatism, measurement and optimization of the company's knowledge economies- **Marc Demarest**
- Knowledge Management is the way you manage your organisation, when you understand the value of your knowledge- **Nick Milton**
- Knowledge management is achieving organizational goals through the strategy-driven motivation and facilitation of (knowledge-) workers to develop, enhance and use their capability to interpret data and information (by using available sources of information, experience, skills, culture, character, personality, feelings, etc.) through a process of giving meaning to these data and information- Roel of P. uit Beijerse
- Knowledge management: efficient handling of information and resources within a commercial organization- **Oxford Dictionary**
- Knowledge management involves activities related to the capture, use and sharing of knowledge by the organisation. It involves the management both of external linkages and of knowledge flows within the enterprise, including methods and procedures for seeking external knowledge and for establishing closer relationships with other enterprises (suppliers, competitors), customers or research institutions. In addition to practices for gaining new knowledge, knowledge management involves methods for sharing and using knowledge, including establishing value systems for sharing knowledge and practices for codifying routines- OECD Glossary of Statistical Terms.

1.3 CONCEPT OF KNOWLEDGE MANAGEMENT

To understand the concept of knowledge management, one must know the core concepts related with knowledge management. The core concepts include knowledge hierarchy, tacit and explicit knowledge, levels of knowledge management, knowledge conversion and knowledge spiral, knowledge life cycle, knowledge maturity and intellectual capital. Let's understand how these are related.

1.4 KNOWLEDGE HIERARCHY

Knowledge is defined as ‘justified true belief’. However it’s been argued with this theory of definition. As far as our understanding is concerned knowledge is what we gain from our experience and learning. However it is different from data and information. This basic hierarchy identifies that knowledge is different and must be managed in a different way.

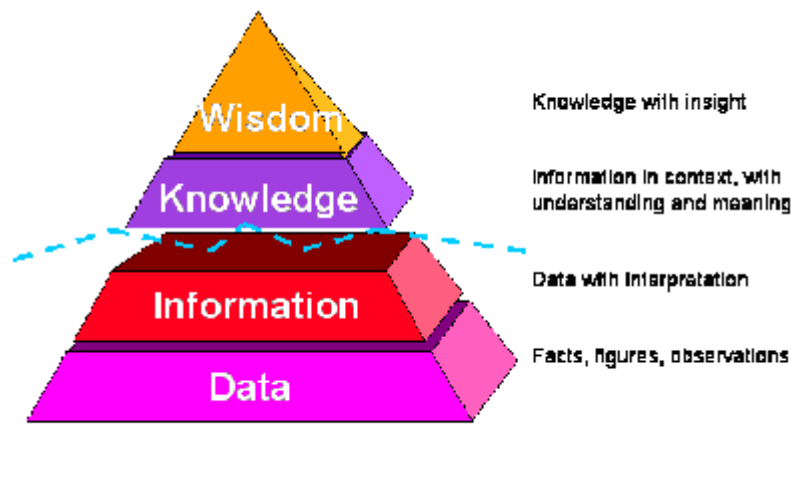


Fig :1.1

Here’s an example of the differences:

Data: 03772 41565 83385 10157

Information (interpretation): Heathrow weather station; visibility 15 km, sky completely cloudy; wind direction north west, speed 85 kts; temperature 15.7 degrees C.

Knowledge (understanding): my experience says this will cause severe flight delays.

Wisdom (insight): I shall book a train before other passengers realise the implications.

There is a clear distinction between the lower two levels and the top two. The bottom two are embodied in objects, e.g. documents and databases, while the higher levels are in people’s heads.

1.5 TACIT AND EXPLICIT KNOWLEDGE

The distinction between tacit and explicit knowledge is perhaps the most fundamental concept of knowledge management. Such a distinction was first made by Michael Polanyi in the 1960s

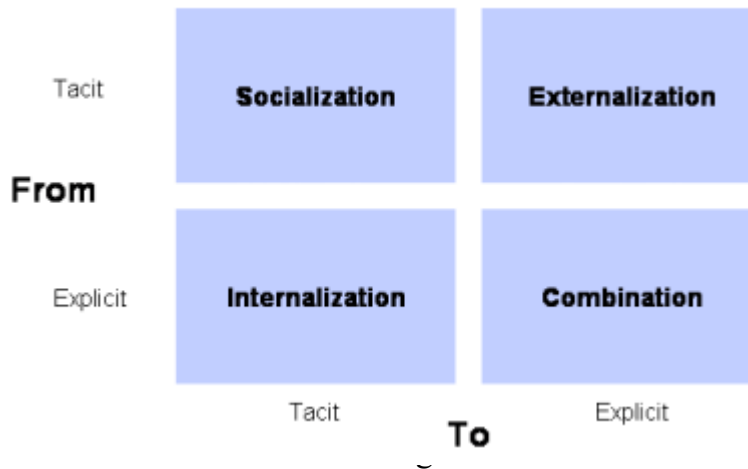
- ◆ **‘Explicit’ knowledge** is formal and systematic,
- ◆ “Explicit knowledge can be expressed in words and numbers and can be easily communicated and shared in the form of hard data, scientific formulae, codified procedures or universal principles.”
- ◆ Such knowledge is seen as “only the tip of the iceberg”.
- ◆ **‘Tacit’ knowledge**, on the other hand, is described as: “something not easily visible and expressible. Tacit knowledge is highly personal and hard to formalize. Subjective insights, intuitions and hunches fall into this category of knowledge.”
- ◆ “It is hard to formalize... difficult to communicate...deeply rooted in action and in an individual’s commitment to a specific context...captured in the term ‘know-how’. It consists of mental models, beliefs, and perspectives so ingrained that we take them for granted, and therefore cannot easily articulate them.”

1.6 KNOWLEDGE CONVERSION AND THE KNOWLEDGE SPIRAL

Managing knowledge means dealing with both tacit and explicit knowledge. One of the challenges is deciding how best to share tacit knowledge: what to share through tacit-to-tacit (person-to-person) processes, and what to convert to explicit knowledge, so that it more easily transferable. The work of Nonaka and Takeuchi again gives a good conceptual background to consider these options, and others besides. They enunciated two key concepts - that of knowledge conversion processes and the knowledge spiral.

Knowledge Conversion Processes

Nonaka and Takeuchi defined four types of conversion processes which they describe as “fundamental to creating value”. The four are the combinations of conversion of explicit and tacit knowledge (see diagram).



Tacit-to-tacit (socialization) - individuals acquire knowledge from others through dialogue and observation

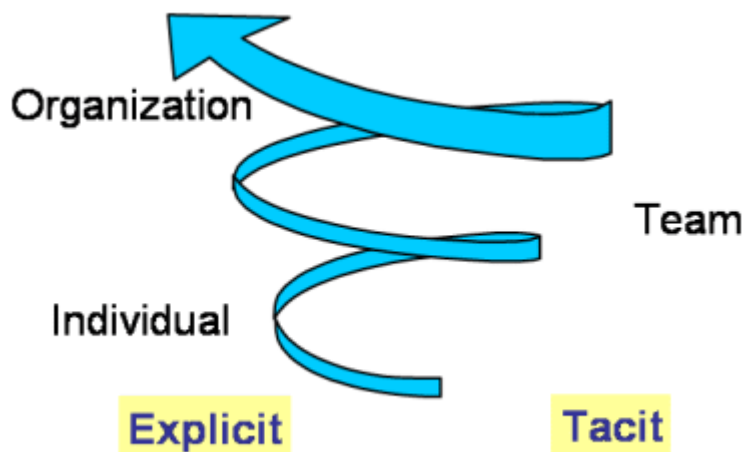
Tacit-to-explicit (externalization) - the articulation of knowledge into tangible form through elicitation and documentation

Explicit-to-explicit (combination) - combining different forms of explicit knowledge, such as that in documents or databases

Explicit-to-tacit (internalization) - such as learning by doing, where individuals internalize knowledge into their own mental models from documents.

The Knowledge Spiral

In their book, Nonaka and Takeuchi say that “the key to knowledge creation lies in the mobilization and conversion of tacit knowledge”. They go on to describe how organisational knowledge is created through processes in the knowledge spiral (see diagram).



- ◆ Organizational knowledge starts at the individual level with thoughts or understanding (internalization).
- ◆ It then moves upwards through socialization, where individuals dialogue with their team colleagues.
- ◆ The ideas are then articulated (externalization) and become more widespread through diffusion of explicit knowledge (combination).
- ◆ As knowledge moves up the spiral knowledge is more widely spread and the spiral gets wider.
- ◆ What also happens is that as individuals access organisational knowledge, they apply it and internalize new knowledge, thus setting the stage for an enhanced piece of knowledge to work it's up the spiral.

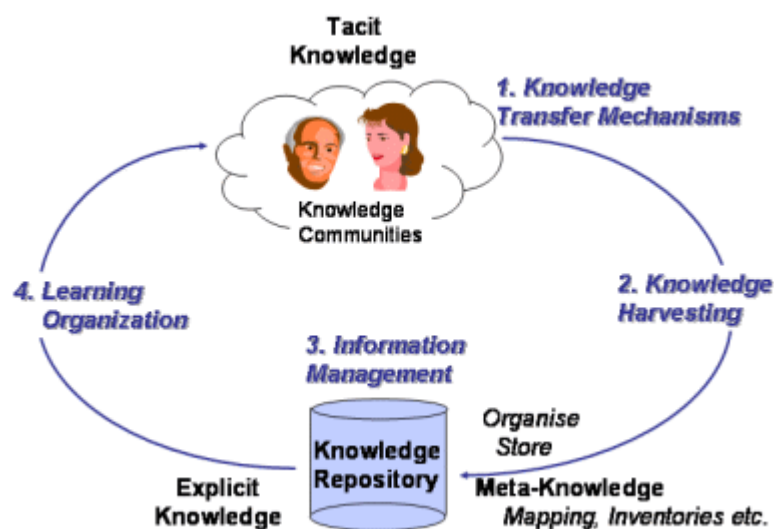


Fig 1.4

- ◆ Thus the tacit knowledge of an organisation is embodied in its people and the team and communities within which they operate,
- ◆ The explicit knowledge is in various information repositories (databases, intranet pages etc.)
- ◆ A KM programme should therefore consider a range of strategies and practical techniques for each of the core conversion processes, which we have grouped under the broad headings shown - knowledge transfer mechanisms, knowledge harvesting, information management and the learning organization.

1.7 KNOWLEDGE LIFE CYCLES

In the analysis of over 100 KM programmes, two main approaches were identified:

Better sharing of existing knowledge - knowing what you know. Examples include sharing best practice, avoiding “reinventing the wheel”, and the use of intranets as portals into core knowledge that is widely shared.

Faster or smarter innovation - creating and commercializing new knowledge. This involves converting ideas into valuable products, services or processes, either internally or for external sale.

We can represent the evolution of knowledge in these two approaches as two life cycles:

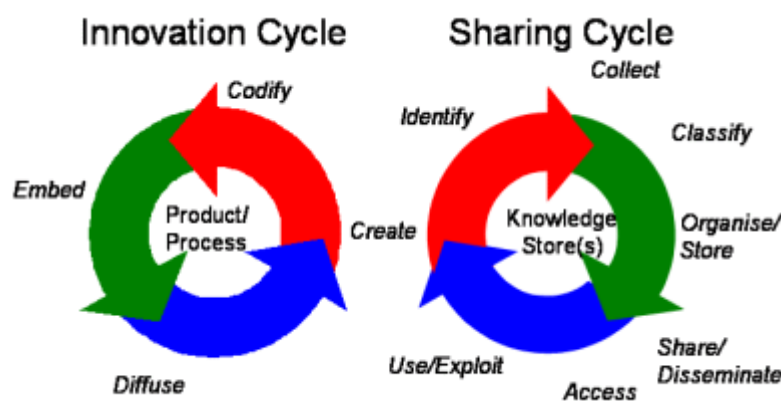


Fig 1.5

Please note - these are generic and high level representations. In practice, continual iteration through different levels of aggregation means that the actual paths between specific processes are often more complex than those shown.

The Innovation Cycle

This shows the evolution the generation of ideas (unstructured knowledge) into more structured and reproducible knowledge, embedded within processes or products. Some of the key processes are:

Create

An idea for a new product, process or strategy is created. These are discussed and formalized to initiate a new cycle of innovation.

Codify

The ideas are codified, such as in a product design or a process description. The original idea is now more structured and transferable.

Embed.

At this stage (for a product) the knowledge is encapsulated in a prototype, or for a process made part of organizational procedures.

Diffuse

Products reach the market; processes are widely practiced throughout the organization. Application of the embedded knowledge generates ideas for improvements, and so the cycle repeats.

The Knowledge Sharing Cycle

These are the processes associated with gathering and disseminating existing knowledge. For most KM programmes, this is the primary focus. Knowledge is stored in one or more repositories, such as computer storage for explicit knowledge and people's heads for tacit knowledge. The descriptors below relate mostly to explicit knowledge. In our pages on information management (forthcoming) we show a more complete variation of this cycle using IM terminology - the Information Life Cycle.

- ◆ **Create/collect.** New knowledge is created or existing knowledge is gathered. A knowledge audit is a good technique for discovering what exists.
- ◆ **Organize/store.** The knowledge is classified and stored, perhaps using a company specific taxonomy. This makes subsequent retrieval easier.
- ◆ **Share/disseminate.** Information may be 'pushed' to people as part of routine dissemination or it may be simply 'parked' in information repositories for individuals to access it when needed. For tacit knowledge, this part of the cycle involves knowledge transfer activities such as meetings.
- ◆ **Access.** Individuals browse or search their organization's information and document repositories, typically via an intranet. Users 'pull' the information when they need it.
- ◆ **Use/exploit.** They use this knowledge to carry out specific tasks. As they use it the knowledge is evaluated, refined and improved. As a result new knowledge is created and the cycle repeats.

Implications

- The knowledge cycles provide a good basis for considering the effectiveness of various information and knowledge development and sharing processes. In particular they can be useful for:
- Pinpointing areas of strength and weaknesses, and hence what skills or systems need improvement
- Creating dialogue over how different people and different parts of the organization manage their information and knowledge
- Identifying particular bottlenecks in information and knowledge processing
- Highlighting opportunities to capture and disseminate best practice in information and knowledge management.

1.8 INTELLECTUAL CAPITAL

If knowledge is to be managed as a vital asset, then some method of accounting for the asset is needed. This has led to a perspective of knowledge management based on intellectual capital. This is the intangible assets of a company that are not reflected in the physical assets recorded on the balance sheet.

A Basic IC Model

In the late 1990s a group of three leading practitioners - Hubert Saint-Onge then at Canadian Imperial Bank of Commerce; Leif Edvinsson then at Skandia and Gordon Petrash of Dow Chemical built on the earlier work of Karl-Erik Sveiby to develop a model that with its variants is widely used today. They divided intellectual capital into three categories:

- **Human Capital:** the knowledge and skills of individuals
- **Structural Capital:** “what is left when the employees go home at night” - these are the databases and business processes etc.
- **Customer Capital:** customer relationships; also patents and other market intangible such as brands.

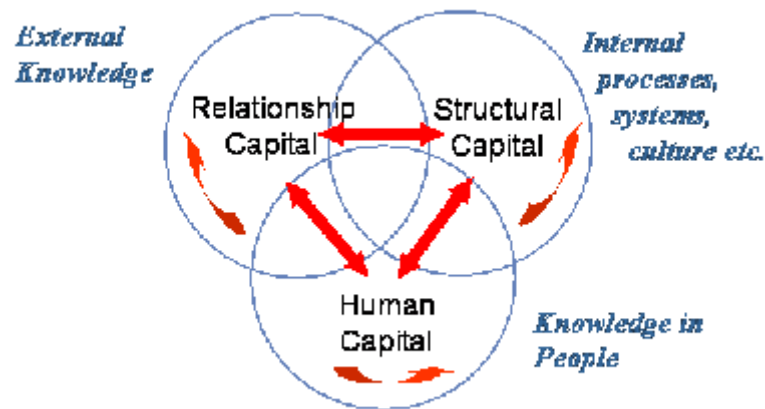


Fig 1.6

These days it is quite common to replace customer capital with the more general terms relationship or customer capital (see diagram). Often intellectual property, that which is protected in law, such as trademarks, designs, copyright etc. is also often separated out as a separate category.

1.9 LEVELS OF KNOWLEDGE MANAGEMENT

Knowledge management covers a broad spectrum of activities and operates at many levels, from the individual to the enterprise, between enterprises (as in virtual organizations). Much of the focus of a KM programmes is at enterprise level, i.e. knowledge management across an organization. However, many of the approaches and techniques of organizational knowledge management are equally applicable at several levels. The table below shows a hierarchy of levels and gives examples of factors addressed at each level.

Level	Typical Programme	Examples of Focus
International	Various	Accounting standards (intangible assets), WIPO (World Intellectual Property Organization)
Governments	Knowledge economy	Stimulating innovation, setting public sector KM standards, innovation scorecards
Intra-Organizational	Collaborative alliances	Pooling knowledge, new product development, market access
Enterprise	Organization-wide KM programme	Sharing best practice, intranet portal, communities of practice
Team or Department	KM Project (localized)	Business improvement, specialist knowledge base, virtual working
Individual	PKM (Personal Knowledge Management)	Skills development, time management, information management, effective use of PC and networks

Table :1.1

1.10 KNOWLEDGE MANAGEMENT (KM) MATURITY

KM Maturity Model is defined as, “application of systematic, disciplined, quantifiable approach- that is an engineering approach to development, implementation and successive progression to attain *maturity in knowledge management*”.

How far advanced is your organization’s knowledge management practice? There are now several KM Maturity models that help you position your KM development. Amongst the most well known are these two:

Infosys Maturity Model - developed by Vivekanand Kochikar of the Indian Software House. It is based upon the Capability Maturity Model for software. It has 5 levels - default, reactive, aware, convinced, and sharing.

KPMG Maturity Model - first used in a 1999 survey of KM practitioners. It sought evidence of use of 14 practices in four categories - people, processes, content and technology. Its five levels (with percentages of organizations at each from the survey results) are knowledge-chaotic (43%), knowledge-aware, knowledge-enabled (32% at these two levels), knowledge-managed (10%), knowledge-centric (1%).

Below we present our maturity model, based on analysis of many KM programmes. There is also an accompanying assessment tool.

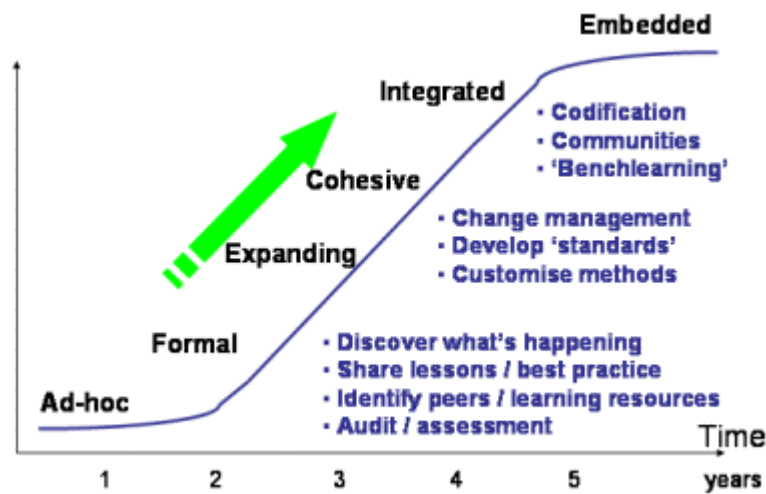


Fig 1.7

This is an idealized representation in that:

Timescales are indicative - it is not uncommon for it to take many more years to reach cohesion, while the higher stages may seem ever distant

Phases overlap in that some activities occur out of sequence, e.g. some cohesion activities can start as soon as a formal programme starts

Organizations can regress - we know of several companies that were close to the 'integrated' stage, yet lost their KM focus and back-tracked.

The Phases Described

- **Ad-hoc:** KM exists in pockets across the organization; people practicing KM in one part of the organization are often unaware of similar practices elsewhere
- **A formal programme:** typically initiated as a corporate initiative, though it may only be division-wide; a focus is created to gain commitment and funds

- **Expanding:** there is a growing network of KM projects, some enterprise-wide projects and most likely a forum or community where KM practitioners share their experiences
- **Cohesion:** there is greater sharing of methods and standards across projects; typically there is a corporate steering body, such as a programme board
- **Integrated:** with main business and management processes e.g. planning, measurement, performance, new initiatives (which can't kick-off until prove that existing knowledge has been tapped); you know you are here when knowledge and KM are explicitly addressed in corporate, division, team and individual plans and objectives
- **Embedded:** into behaviors, culture, procedures etc.; KM may be invisible since it happens without thinking or is built seamlessly into organization processes and systems.

1.11 LEADERSHIP AND KNOWLEDGE MANAGEMENT

The Leadership and Knowledge Management system focuses on identifying and addressing agency leadership competencies so that continuity of leadership is ensured, knowledge is shared across the organization, and an environment of continuous learning is present. Many Knowledge Management experts have identified leadership as a key variable in the relationship between knowledge management and organizational effectiveness. Much of the evidence for the positive impact of knowledge management on organizations is in the form of operational improvements limited to specific processes and functions.

1.12 ROLE OF LEADERSHIP IN KNOWLEDGE MANAGEMENT

- ◆ Experts argue for broader knowledge management initiatives that are enterprise wide as opposed to specific applications. More importantly, knowledge management should be seen as an ongoing process of doing business and thus should not be limited to discrete steps using specific applications, but institutionalized as a continuous process to serve the organization' needs. This challenging aspect of making knowledge management continuous and ongoing is therefore a key leadership responsibility.
- ◆ Other experts have addressed the organizational issues and the need to have strategies to manage knowledge. Since it is generally accepted that the CEOs have the main

responsibility for strategic management, the role of leadership in knowledge management follows from the strategic responsibilities of the CEO.

- ◆ Specifically, the role of leaders in information and knowledge management is identified and described through an analysis of multiple cases of successful top executive knowledge leadership. This role of leaders in information knowledge management is accomplished through the two broad routes, namely, technology and social networks. The current wisdom on leadership is supplemented by such systematic analysis of executive knowledge leadership cases.

- **The social route to Knowledge Leadership** is achieved by using teams and learning communities, knowledge transfer practices from within and outside the organization, and carefully planned job rotation and personnel transfer practices for knowledge objectives.

- **The technological route to Knowledge Leadership** is achieved by establishing information systems, knowledge transfer mechanisms, and practices of sharing these mechanisms with as many people as possible and necessary within the organization, not to mention those outside the organization (relevant groups).

- Through a combination of the review of current leadership and knowledge management wisdom and an analysis of CEO interviews, some practical lessons of Knowledge Leadership have been identified.

1. Executives should first and foremost realize the value and significance of Knowledge Leadership and what and how it can contribute to higher organizational performance. Studies have repeatedly found that the more successful executives have a strong realization of the importance of Knowledge Leadership and use it to effectively advance their businesses. Having realized the value and significance of Knowledge.
2. Leadership, executives then turn their attention to using two well-known means to establish Knowledge Management practices in their organizations. They use both social and technological means to manage knowledge by instituting the appropriate processes in their organizations, constantly encouraging people to use these two mechanisms, leading by example in using these routes, and reinforcing people for their contribution to these two mechanisms.

There is sufficient evidence to suggest that organizations with such knowledge leaders bring about higher levels of performance all around, including the achievement of a competitive edge in the marketplace.

3. One of the more important lessons learnt from successful executives engaging in Knowledge Leadership is that they have an intense customer-focused approach and inspire others to have the same. More specifically, successful executives translate this customer-focused approach to vastly improve information and knowledge transfer through the channels between the organization and their customers. Again, these executives encourage others in the organization to engage in two-way sharing of information and knowledge between the organization and their customers, lead by personal example in this regard, and reinforce such behaviors of people in this domain of Knowledge Leadership. These practices are also known to relate strongly to organizational performance that is sustainable in the long run.
4. Successful executives engaging in Knowledge Leadership identify both internal and external customers that are the targets of the intense customer-focus. They establish channels of information and knowledge flow thereby creating opportunities for other managers in their organizations to utilize these channels (opportunities) to engage in higher levels of knowledge creation, transfer, leverage, and dissemination. It is a little known fact that Japan's automobile, semiconductor, consumer electronics, and other industries have achieved world class status as a result of such focus on internal and external customers and extensive knowledge movement through these aforementioned channels.
5. As in any economic context, leadership ultimately depends on the personal example set by the top executives in showing enthusiasm and active participation in the channels of information and knowledge flow established for that purpose. This personal participation and example setting is what gets the rest of the organization going in making these knowledge leveraging practices more effective. These five lessons are described in further detail in the rest of the chapter, including some information on the systematic approach used in distilling these practices.

ACTIVITYA

Visit any IT company of your choice and discuss with the project team manager about the Knowledge Management Concept, and share your experience in your words.

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ACTIVITY B

Identify and share about Knowledge Maturity Model of any 5 companies of your choice

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1.13 NOTES

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1.14 SUMMARY

Knowledge management (KM) is the process of capturing, developing, sharing, and effectively using organizational knowledge. Knowledge is defined as ‘justified true belief’. However it is different from data and information. Knowledge is classified into tacit and explicit knowledge. Tacit knowledge is highly personal and hard to formalize. Explicit knowledge can be expressed in words and numbers and can be easily communicated and shared in the form of hard data, scientific formulae, codified procedures or universal principles. There are four combinations of conversion of explicit and tacit knowledge which includes socialization, externalization, internalization and combination. The organizational knowledge is created through processes in the knowledge spiral. The evolution of knowledge was identified with two approaches namely innovation and sharing cycle. Knowledge management is based on intellectual capital. This is the intangible assets of a company that are not reflected in the physical assets recorded on the balance sheet. The intellectual capital been categorized into human capital, structural capital and customer capital. Knowledge management covers a broad spectrum of activities and operates at many levels, from the individual to the enterprise, between enterprises (as in virtual organizations). There are now several KM Maturity models that help you position your KM development. Many Knowledge Management experts have identified leadership as a key variable in the relationship between knowledge management and organizational effectiveness.

1.15 KEY WORDS

1. **Knowledge management (KM):** process of capturing, developing, sharing, and effectively using organizational knowledge.
2. **Knowledge:** ‘justified true belief’
3. **Explicit knowledge:** knowledge can be expressed in words and numbers and can be easily communicated and shared in the form of hard data, scientific formulae, codified procedures or universal principles.
4. **‘Tacit’ knowledge:** something not easily visible and expressible. Tacit knowledge is highly personal and hard to formalize.
5. **Tacit-to-tacit (socialization):** individuals acquire knowledge from others through dialogue and observation
6. **Tacit-to-explicit (externalization):** the articulation of knowledge into tangible form through elicitation and documentation

7. **Explicit-to-explicit (combination):** combining different forms of explicit knowledge, such as that in documents or databases
8. **Explicit-to-tacit (internalization):** such as learning by doing, where individuals internalize knowledge into their own mental models from documents.
9. **Knowledge Spiral:** mobilization and conversion of tacit knowledge
10. **Innovation Cycle:** This shows the evolution the generation of ideas (unstructured knowledge) into more structured and reproducible knowledge, embedded within processes or products.
11. **Knowledge Sharing Cycle:** These are the processes associated with gathering and disseminating existing knowledge.
12. **Share/disseminate:** Information may be ‘pushed’ to people as part of routine dissemination or it may be simply ‘parked’ in information repositories for individuals to access it when needed.
13. **Intellectual capital:** the intangible assets of a company that are not reflected in the physical assets recorded on the balance sheet.
14. **Human Capital:** the knowledge and skills of individuals
15. **Structural Capital:** “what is left when the employees go home at night” - these are the databases and business processes etc.
16. **Customer Capital:** customer relationships; also patents and other market intangible such as brands.
17. **KM Maturity Model:** “application of systematic, disciplined, quantifiable approach- that is an engineering approach to development, implementation and successive progression to attain *maturity in knowledge management*”.

1.16 CASE STUDY

Infosys’ Knowledge Management Initiatives

The knowledge management (KM) practices of Infosys Technologies, one of the leading software companies based in India. Infosys was inducted into the Global Most Admired Knowledge Enterprises (MAKE) Hall of Fame in the year 2005 due to its innovative KM initiatives. Since its inception, Infosys gave importance to learning in the organization. Its efforts to assimilate and distribute knowledge within the company began with the establishment of Education and Research Department in the year 1991.

The department began gathering content and knowledge that was available within the organization and the scope of the department grew with the launch of intranet. A fully fledged KM program began in 1999 with the launch of Kshop. Through Kshop, knowledge generated in each project across the global operations of Infosys was captured. The case also highlights the benefits reaped by Infosys using KM in its day to day operations.

Background Note

Infosys was incorporated as Infosys Consultants Private Limited on July 02, 1981 by a group of seven professionals. From the beginning, Infosys relied heavily on overseas business. One of the founders, Narayana Murthy (Murthy) stayed in India, while the others went to the US to carry out onsite programming for corporate clients...

The Launch of Kshop

All the efforts to manage knowledge at Infosys evolved into a full-fledged KM program by late 1999. The mission of KM efforts at Infosys was 'to ensure that all organizational learning is leveraged in delivering business advantage to the customer'...

Improving the Functions of Kshop

One of the consequences of the success of the KCUs was information overload. This made it difficult for employees to obtain the required information. This sent them back to their informal networks to retrieve the documents quickly...

Knowledge Creation and Sharing

Almost all the projects that Infosys undertook were broken down into onsite and offshore components. In the initial stages of the project, activities like planning and design took place at the client's location...

Using Advanced KM Systems

By 2005, Infosys had highly sophisticated KM systems in place. Uniformity of data was maintained across the DCs of Infosys worldwide. All the centers could access real time data. The centralized KM system in Infosys was accessible to all Infosys employees, from any of its DCs..

The Road Ahead

According to an internal survey on a sample of 2,700 employees conducted in Infosys in 2003, 80% of the projects managers believed that the performance of their team, including quality of work and productivity improved as a result of KM systems...

Questions:

1. Study the implementation of KM initiatives in a large IT organization.
2. Examine the importance of organizational culture in successful implementation of KM initiatives.
3. Evaluate different service and industry practices in software industry.
4. Understand the role played by top management in the KM efforts of a company.
5. Appreciate the need for developing intellectual capital for an organization.

1.17 SELF ASSIGNMENTS QUESTIONS

1. Define knowledge management.
2. Explain the knowledge hierarchy
3. Differentiate between information and knowledge.
4. Mention the types of knowledge.
5. What is tacit knowledge?
6. What is explicit knowledge?
7. What is knowledge conversion?
8. What is knowledge spiral?
9. Explain knowledge conversion process?
10. Explain knowledge life cycles
11. Explain innovation cycle and sharing cycle
12. What are the implications of knowledge sharing processes? Discuss.
13. What is intellectual capital?
14. Explain the categories of intellectual capital
15. Explain the levels of knowledge management
16. Explain KM Maturity.
17. What are the phases in KM Maturity? Discuss.
18. Explain the role of leadership in Knowledge Management

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UNIT - 2 : KNOWLEDGE CULTURE

Structure :

- 2.0 Objectives
- 2.1 Introduction.
- 2.2 Concept understanding
- 2.3 Definition of Knowledge culture
- 2.4 Learning and developmental organization
- 2.5 Objectives of knowledge management
- 2.6 Drivers of Organizational knowledge management
- 2.7 Notes
- 2.8 Summary
- 2.9 Keywords
- 2.10 Case study
- 2.11 Self Assignment Questions
- 2.12 References

2.0 OBJECTIVES

After reading this unit, you will be able to:

- Understand Knowledge Culture
- Identify Learning and developmental organization.
- Analyze the objectives of knowledge management
- Highlight the drivers of knowledge management

2.1 INTRODUCTION

What is culture, and what is its relationship to knowledge and knowledge management? “Cultural” barriers are often held responsible for failures to share and transfer knowledge in organizations. It is frequently said that knowledge management must undertake the difficult task of changing an organization’s culture to achieve the knowledge sharing and transfer necessary to realize the full value of the organization’s knowledge resources.

2.2 CONCEPT UNDERSTANDING

Let us understand what is culture, knowledge and knowledge culture

CULTURE:

- Culture refers to the cumulative deposit of knowledge, experience, beliefs, values, attitudes, meanings, hierarchies, religion, notions of time, roles, spatial relations, concepts of the universe, and material objects and possessions acquired by a group of people in the course of generations through individual and group striving.
- Culture is the systems of knowledge shared by a relatively large group of people.
- Culture is communication, communication is culture.

KNOWLEDGE:

- Facts, information, and skills acquired through experience or education; the theoretical or practical understanding of a subject.
- *Knowledge is defined* as what is learned, understood or aware of.

2.3 DEFINITION OF KNOWLEDGE CULTURE

The shared beliefs, assumptions and norms that create a framework in which members understand the content and aim of their work, identify and solve problems, and assess the value of new knowledge.

“Consists of the beliefs an organization holds to be true and justifiably so, about its environment and itself.” - Choo

“Shared beliefs and values about knowledge and the role of knowledge in the company or organization and, as appropriate, in the larger society”

Characteristics of the knowledge culture:

- Collaboration is a given – and expected – at all levels
- The role of information technology and communication in the knowledge development/knowledge sharing (KD/KS) process is acknowledged and enthusiastically embraced
- The intellectual foundations for the effort are respected – the intellectual quest is not disdained.

2.4 LEARNING AND DEVELOPMENTAL ORGANIZATION

The Learning and developmental organization is an organization that has developed the capacity to continuously learn, adapt, and change through the practice of knowledge management by employees. Characteristics of a learning organization:

- a. An open team-based organization design that empowers employees
- b. Extensive and open information sharing
- c. Leadership that provides a shared vision of the organization’s future.
- d. A strong culture of shared values, trust, openness, and a sense of community

Significance of learning

People are responsible for using knowledge management tools in support of organizational performance. Organizational learning must be addressed with approaches, such as increasing internal communications, promoting cross-functional teams, and creating a learning community. Learning is integral part bog knowledge management. In this context, learning can be described as the acquisition of knowledge or a skill through study, experience, or instruction. Organizations must recognize that people operate and

communicate through learning that include the social processes of collaborating, sharing knowledge, and building on each other's ideas. Managers must recognize that knowledge resides in people and that knowledge creation occurs through the process of social interaction.

Identifying learning and development needs is based on a formal or informal assessment of prevailing levels of skills, attitudes and knowledge, and on any current or anticipated gaps. Such an analysis will enable decisions about what learning provisions are needed at individual, team or organizational level.

Knowledge management and organizational learning:

- ◆ There are various ways to conceptualize the relationship between knowledge management and organizational learning.
- ◆ **Easterby-Smith and Lyles (2003) consider** organization learning to focus on the process, and knowledge management to focus on the content, of the knowledge that an organization acquires, creates, processes and eventually uses.
- ◆ Another way to conceptualize the relationship between the two areas is to view OL as the goal of KM. By motivating the creation, dissemination and application of knowledge, KM initiatives pay off by helping the organization embed knowledge into organizational processes so that it can continuously improve its practices and behaviors and pursue the achievement of its goals. From this perspective, organizational learning is one of the important ways in which the organization can sustainably improve its utilization of knowledge.

2.5 OBJECTIVES OF KNOWLEDGE MANAGEMENT

The primary role of KM is to connect to “knowledge nodes” both the knowledge providers and the knowledge seekers. The knowledge of the mind of one provider may thus be ultimately transferred to the mind of someone who seeks that knowledge, so that a new decision can be made or situation handled. KM provides a means of capturing and storing knowledge and brokering it to the appropriate individual.

Based on a study of 31 KM projects in 24 companies, Davenport, De Long and Beers identified four business objectives that fulfill this primary role:

1. To Capture Knowledge - This goal can be achieved by creating KM repositories. Those will consist of structured documents with Knowledge embedded in them — memos, reports, presentations, and articles — stored in a way that they may be easily retrieved.

2. To Improve Knowledge Access — to facilitate the processes of knowledge transfer between individuals and between organizations.

3. To Enhance the Knowledge Environment — by proactively facilitating and rewarding knowledge creation, transfer and use.

4. To Manage Knowledge as an Asset — some companies are including their intellectual capital in the balance sheet, others are leveraging their knowledge assets to generate new income from or to reduce costs with their patent base.

The following factors explain the purpose of knowledge management objectives.

- a. Be organized around work processes**—these knowledge management objectives will concentrate on improving work processes for the general knowledge and performance of the organization. The objectives will specifically focus on employees and their individual roles, skills, and knowledge-base.
- b. Maintain knowledge and facilitate communication**—there are two areas of focus associated with these knowledge management objectives. One collection of knowledge management objectives relates to management standards, guidelines, priorities, and best practices; the second collection is the audit and quality of these management standards.
- c. Focus on the future**—these knowledge management objectives are associated with strategy and vision. They include market knowledge, process innovation, and recruitment, as well as planning and forecasting objectives to maintain viability and implement new initiatives.
- d. Support your organization's business objectives**—these are the knowledge management objectives to meet the organization's mission and corporate objectives. They focus on setting context within the current culture of the organization and driving the change required to modify individual behaviors to ultimately modify the culture.
- e. Promote innovations**—the relationships your employees have with your organization, teams, one another, and within the community are encapsulated in these Work, life, and human resource-related knowledge management objectives.
- f. Maintain a knowledge-creating organization**—these knowledge management objectives concentrate on how to bring continuous learning and improvement into work processes, management best practices, strategy, planning, vision, and changed management activities.

2.6 DRIVERS OF ORGANIZATIONAL KNOWLEDGE MANAGEMENT

The drivers are the reasons or forces responsible for knowledge management. The drivers of knowledge management includes Knowledge-based drivers Technology ,drivers Intra-organizational drivers, Human resource drivers ,Process drivers and Economic drivers.

a) Knowledge-based drivers

Organizations are faced issues from lack of proper & organized knowledge. But an effective KM system in an organization will help to make right decisions at right time. The integration of a company knowledge process with its business processes to substantially enhance business process performance.

b) Technology drivers

Technology drivers motivated by new opportunities to compete by employing new technology. Updating & adapting new technologies in organization will improve the performance of the organization. Information technology plays vital role in the today's business operations.

c) Intra-organizational drivers

The organizational structure & culture undergoes dramatic changes to accommodate the requirements of effective knowledge management. Most of the companies now are rely on project-centered teams for the sole purpose of bringing together the best of talent and expertise. Strategic innovation begins with the organization's identification of positioning gaps the subsequent methods to plug them.

d) Human resource drivers

Human resource drivers of KM include the need for improved knowledge transfer, sharing and creation in cross-functional teams of knowledge workers to make proactive respond to competitive challenges. The cross-functional collaboration between the different departments of the organization will help to collective knowledge transfer and enhance flexibility among employees.

e) Process drivers

Process drivers are focused on improving work process through KM related initiatives. An organization need to be proactive & anticipate the forces that will shape the markets in their field of operation. Using the right application of knowledge within in the proper structure and processes in the right time.

f) Economic drivers

The potential of creating extra ordinary returns and added value through knowledge and the resultant attractive economies in increasing returns. It will make the quest for silver lining for product and service differentiation.

ACTIVITYA

Visit any company of your choice and identify the knowledge culture of that company.

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ACTIVITYB

Identify the learning and developmental organizations. List them by case of knowledge management initiative

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2.7 NOTES

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2.8 SUMMARY

Culture refers to the cumulative deposit of knowledge, experience, beliefs, values, attitudes, meanings, hierarchies, religion, notions of time, roles, spatial relations, concepts of the universe, and material objects and possessions acquired by a group of people in the course of generations through individual and group striving. *Knowledge* is *defined* as what is learned, understood or aware of. Knowledge culture is defined as, **“Shared beliefs and values about knowledge and the role of knowledge in the company or organization and, as appropriate, in the larger society”**. The Learning and developmental organization is an organization that has developed the capacity to continuously learn, adapt, and change through the practice of knowledge management by employees. Learning is integral part of knowledge management. In this context, learning can be described as the acquisition of knowledge or a skill through study, experience, or instruction. Identifying learning and development needs is based on a formal or informal assessment of prevailing levels of skills, attitudes and knowledge, and on any current or anticipated gaps. There are various ways to conceptualize the relationship between knowledge management and organizational learning. The primary role of KM is to connect to “knowledge nodes” both the knowledge providers and the knowledge seekers. KM provides a means of capturing and storing knowledge and brokering it to the appropriate individual. The drivers of knowledge management includes Knowledge-based drivers Technology ,drivers Intra-organizational drivers, Human resource drivers ,Process drivers and Economic drivers.

2.9 KEY WORDS

1. **Culture:** systems of knowledge shared by a relatively large group of people.
2. **Knowledge:** Facts, information, and skills acquired through experience or education; the theoretical or practical understanding of a subject.
3. **Knowledge Culture:** **“Shared beliefs and values about knowledge and the role of knowledge in the company or organization and, as appropriate, in the larger society”**.
4. **Learning and developmental organization:** is an organization that has developed the capacity to continuously learn, adapt, and change through the practice of knowledge management by employees.
5. **Learning:** the acquisition of knowledge or a skill through study, experience, or instruction.

2.10 CASE STUDY

Knowledge Management Practices At Mckinsey & Company (Mckinsey).

The case describes the knowledge management practices at McKinsey & Company (McKinsey). Managing knowledge effectively is of prime importance especially for consultancies like McKinsey which depended heavily on knowledge for their existence and growth. The expertise McKinsey gained over the years was put into optimal use through knowledge management. Knowledge was spread in the firm through training sessions, seminars, workshops, sharing of the findings of the projects. The other KM efforts that McKinsey undertook included development of centers of competence, practice information system, practice development network and knowledge resource directory. The case examines how McKinsey promoted a culture of knowledge sharing within the firm

McKinsey was founded in 1926 by James O. McKinsey (James), who was a professor at the University of Chicago. The company was initially known as James O McKinsey & Company (JOMC).

At that time, the company termed itself as ‘management engineers,’ with the focus on improving the efficiency of the clients’ operations.

Marvin Bower (Bower) joined McKinsey in 1933, to manage its newly opened New York office. One of the first high profile projects that the company undertook was conducting a comprehensive analysis of the businesses of leading retailer Marshall Field and Company (Marshall Field) in 1934. JOMC was asked to analyze the reasons behind the company’s huge losses since 1931... Since its inception, McKinsey’s management had focused on capturing, managing, and disseminating knowledge across the company. In the year 1920, James published a book Principles of Accounting. In 1922, he published a textbook on budgetary control.

In the book, he expressed his view that accounting should essentially emphasize the understanding of the entire organization, and should serve as an integrating device to understand the problems...

McKinsey’s ‘one-firm’ culture helped in creating informal networks that facilitated knowledge sharing within the organization.

The company’s values also helped in the problem solving approach.

However, knowledge sharing was limited to the methodology, like solving problems and framing issues.

There was no specific attempt to use the learning from one assignment in the other.

Recruitment was given high importance in McKinsey. The company recruited graduates from top-tier business schools. Before a candidate was selected, he/she was interviewed six to eight times by the partners and principals.

The company recruited talented individuals capable of receiving and spreading knowledge through person-to-person knowledge sharing mechanisms that were present in the organization. At **McKinsey**, fresh management graduates joined as associates.

After two to three years, associates who performed well were promoted to the position of engagement manager. In **McKinsey**, the KM system evolved from the need to connect people effectively. The company generally dealt with high level management problems that were difficult to put across in standardized formats. Initially, most of the consultants in the company were not in favor of documenting the concepts, as many consultants were suspicious about reusing ideas...

Questions:

1. Evaluate the ways in which knowledge can be shared and disseminated in the organization.
2. Study the importance of culture in implementing KM successfully.
3. Examine the role played by the top management in promoting KM within a company.

2.11 SELF ASSIGNMENT QUESTIONS

1. Define culture.
2. Define knowledge.
3. Define knowledge culture.
4. What are the characteristics of knowledge culture?
5. What is learning and developmental organization?
6. What are the characteristics of learning and developmental organization?
7. What is the significance of learning?
8. How do you identify the need for learning and development?
9. How do you relate knowledge management with organization learning?
10. What are the objectives of KM?

11. Explain the purpose of KM objectives.
12. Explain the drivers of KM

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UNIT-3 : KNOWLEDGE MANAGEMENT PROCESS

Structure :

- 3.0 Objectives
- 3.1 Introduction.
- 3.2 Stages in Knowledge Management Based on Knowledge Usage/operational dimension
- 3.3 Knowledge Creation Generation
- 3.4 Knowledge Codification
- 3.5 Knowledge Application
- 3.6 Knowledge Transfer
- 3.7 Process of knowledge management Based on managerial dimension
- 3.8 Notes
- 3.9 Summary
- 3.10 Keywords
- 3.11 Case study
- 3.12 Self Assignments Questions
- 3.13 References

3.0 OBJECTIVES

After reading this unit, you will be able to;

- Determine Knowledge Transfer
- Evaluate the Knowledge Management process
- Understand the stages in knowledge management process
- Identify the Knowledge Codification

3.1 INTRODUCTION

KM involves processes that facilitate the application and development of organizational knowledge and aims to create value and to increase/sustain competitive advantage for the organization in 3 dimensions:

- **Strategic dimension** - highlights the strategic importance of knowledge and its management in a company's strategy
- **Managerial dimension** - highlights organizational knowledge assessment and management
- **Operational dimension** - highlights the development and usage of knowledge and intellectual assets.

3.2 STAGES IN KNOWLEDGE MANAGEMENT- BASED ON KNOWLEDGE USAGE/OPERATIONAL DIMENSION

KM supports and coordinates the generation, codification, transfer and application of individual knowledge in value creation processes. There are generally 4 stages of KM processes:

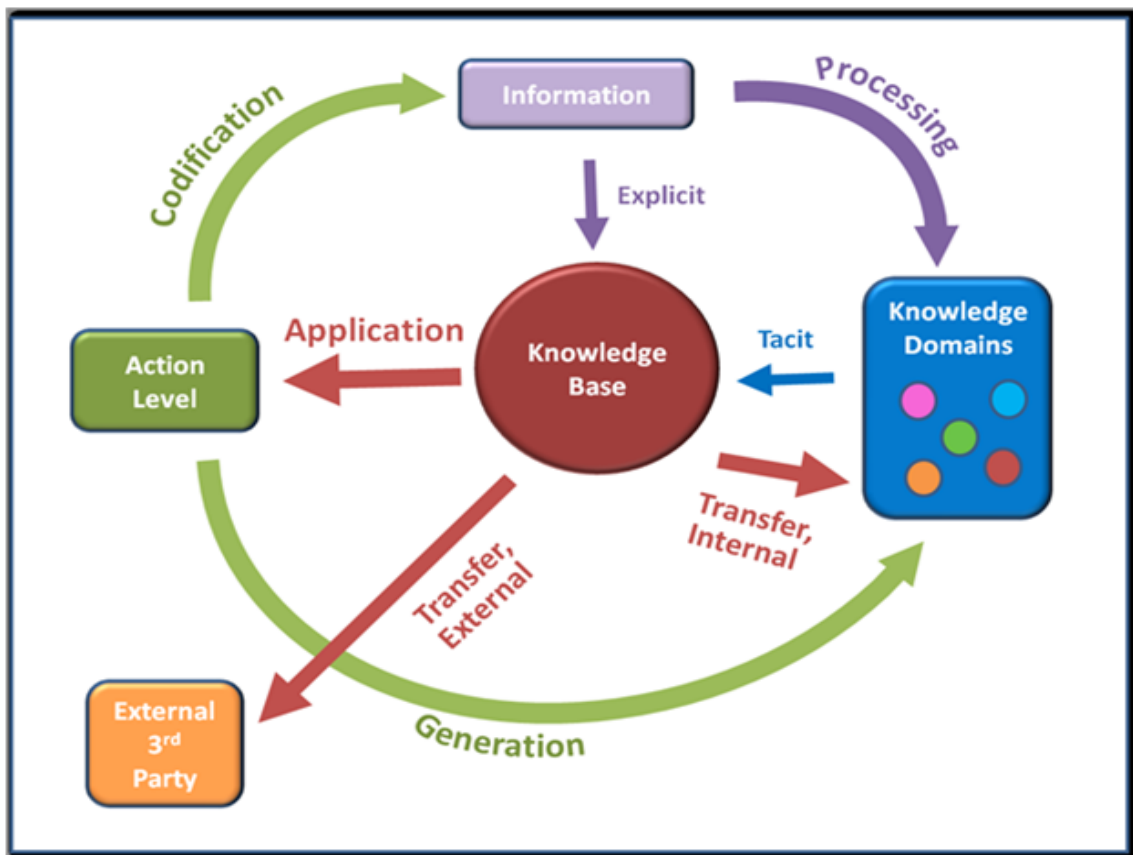


Fig: 3.1

KM supports and coordinates the generation, codification, transfer and application of individual knowledge in value creation processes. There are generally 4 stages of KM processes.

3.3 KNOWLEDGE CREATION/GENERATION

Definition:

Knowledge creation according to the Nonaka's SECI model is about continuous transfer, combination, and conversion of the different types of knowledge, as users practice, interact, and learn. **Cook and Brown (1999)** distinguish between knowledge and knowing, and suggest that knowledge creation is a product of the interplay between them. The shift in condition between the possession of knowledge and the act of knowing - something that comes about through practice, action, and interaction- is the driving force in the creation of new knowledge. Furthermore, in order for this interplay to be most fruitful, it is important to support unstructured work environments in areas where creativity and innovation are important.

Knowledge sharing and knowledge creation thus go hand in hand. Knowledge is created through practice, collaboration, interaction, and education, as the different knowledge types are shared and converted. Beyond this, knowledge creation is also supported by relevant information and data which can improve decisions and serve as building blocks in the creation of new knowledge.

Features:

- Companies create a great amount of data and information in their daily business activities. It would be essential for the company to have a system of managing the newly created information so it can be reused to solve new problems or leveraged to value-add to other business activities.
- ◆ For example, high technology companies may often received a lot of feedbacks from customers on their products. This kind of information could be very useful for the R&D team to come up with new improved products.
- ◆ Companies may find that they cannot meet their knowledge requirement from their available knowledge assets. The gap will have to be filled either by internally developing new knowledge or acquiring the knowledge from external sources.
- ◆ Knowledge creation can only be achieved in a creative environment that encourages teamwork and the use of creative potential. If manage successfully, the process can expand or change the company's knowledge base to meet the company's current and future needs.

3.4 KNOWLEDGE CODIFICATION

Meaning:

Knowledge codification means converting tacit knowledge to explicit knowledge in a usable form for the organizational members.

Features

- ◆ Organizing and representing knowledge before it is accessed by authorized personnel
- ◆ The organizing part is usually in the form of a decision tree, a decision table, or a frame
- ◆ Converting tacit knowledge to explicit knowledge in a usable form
- ◆ Converting undocumented to documented information
- ◆ Making corporate-specific knowledge visible, accessible, and usable for decision making

Why Codify?

1. **Diagnosis:** addressing identifiable symptoms of specific causal factors
2. Instruction/training
3. **Interpretation:** promoting training of junior personnel based on captured knowledge of senior employees
4. **Planning/scheduling:** mapping out an entire course of action before any steps are taken
5. **Prediction:** inferring the likely outcome of a given situation and flashing a proper warning or suggestion for corrective action

Modes of Conversion

1. **Tacit to tacit knowledge:** produces socialization. Observation and practice are two knowledge capture tools
2. **Tacit to explicit knowledge:** externalizing via analogies or metaphors. Resulting explicit knowledge can then be stored in repositories
3. **Explicit to tacit knowledge:** internalizing explicit knowledge into tacit knowledge
4. **Explicit to explicit knowledge:** combining or sorting different bodies of explicit knowledge to lead to new knowledge

Problems With Codifying Tacit Knowledge

1. Distinctive style of the expert
2. Special knowledge capture skills to codify tacit knowledge effectively
3. Certain knowledge is more of an art than a science and art is difficult to codify into rules
4. Dealing with experts is not easy
5. Many firms lack the transparency of company-wide knowledge
6. Critical knowledge is often available, but no one knows where to find it

For examples, patent applications require the complete disclosures of the inventions and trade secrets require the demonstration of safe-keeping of documented information. The legal rights come with IP protection offers the company a distinct advantage which can be used to derive revenues from IP licensing or exclusive rights to commercialize

3.5 KNOWLEDGE APPLICATION

Features:

- ◆ It is not unusual for companies to not to know how to generate value from the use of the knowledge assets they have. It is worse when a company does not even know the kind of knowledge it has.
- ◆ Knowledge Management offers a management system for the company to ensure that their knowledge assets when created are properly documented, and that the knowledge in different domain owners will be shared within the organization.
- ◆ When knowledge assets are documented and shared, knowledge utilization will be facilitated.
- ◆ This is the stage in Knowledge Management where value creation is delivered. By harnessing knowledge from different knowledge domains and competencies across the organization, direct impacts to the missions and goals of the company can be achieved.

3.6 KNOWLEDGE TRANSFER

Meaning:

In organizational theory, knowledge transfer is the practical problem of transferring knowledge from one part of the organization to another. Like knowledge management, knowledge transfer seeks to organize, create, capture or distribute knowledge and ensure its availability for future users. It is considered to be more than just a communication problem. If it were merely that, then a memorandum, an e-mail or a meeting would accomplish the knowledge transfer. Knowledge transfer is more complex because

1. knowledge resides in organizational members, tools, tasks, and their sub networks and
2. much knowledge in organizations is tacit or hard to articulate.

Features:

- ◆ One of the advantages of knowledge is that knowledge is dynamic. Knowledge can be adapted and evolved through the processes of learning and sharing. The impact made by individual knowledge is not as great as collective knowledge so sharing within the organization should be encouraged.

- ◆ When a company has limited capability to effectively use certain knowledge, it would be worthwhile to consider external transfer to third parties who may have the competencies to utilize the knowledge for value creation.
- ◆ For example, a company may have invented a new technology but it does not have the capability to produce products based on such invention. The technology can be licensed to a third party who has the production facilities and the marketing and sales capability to sell the new product.
- ◆ To ensure success of this technology transfer, it is essential that tacit knowledge and procedural knowledge are converted to explicit knowledge for easy learning, adaptation and utilization.

3.7 PROCESS OF KNOWLEDGE MANAGEMENT-BASED ON MANAGERIAL DIMENSION

The process of knowledge management is universal for any enterprise. Sometimes, the resources used, such as tools and techniques, can be unique to the organizational environment.

The Knowledge Management process has six basic steps assisted by different tools and techniques. When these steps are followed sequentially, the data transforms into knowledge.

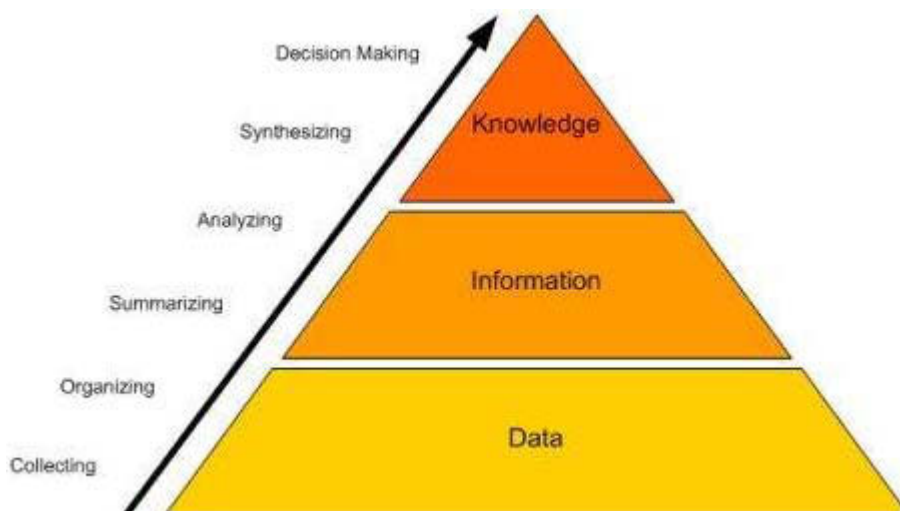


Fig 3.02

Step 1: Collecting

This is the most important step of the knowledge management process. If you collect the incorrect or irrelevant data, the resulting knowledge may not be the most accurate. Therefore, the decisions made based on such knowledge could be inaccurate as well.

There are many methods and tools used for data collection. First of all, data collection should be a procedure in knowledge management process. These procedures should be properly documented and followed by people involved in data collection process.

The data collection procedure defines certain data collection points. Some points may be the summary of certain routine reports. As an example, monthly sales report and daily attendance reports may be two good resources for data collection.

With data collection points, the data extraction techniques and tools are also defined. As an example, the sales report may be a paper-based report where a data entry operator needs to feed the data manually to a database whereas, the daily attendance report may be an online report where it is directly stored in the database.

In addition to data collecting points and extraction mechanism, data storage is also defined in this step. Most of the organizations now use a software database application for this purpose.

Step 2: Organizing

The data collected need to be organized. This organization usually happens based on certain rules. These rules are defined by the organization.

As an example, all sales-related data can be filed together and all staff-related data could be stored in the same database table. This type of organization helps to maintain data accurately within a database.

If there is much data in the database, techniques such as ‘normalization’ can be used for organizing and reducing the duplication.

This way, data is logically arranged and related to one another for easy retrieval. When data passes step 2, it becomes information.

Step 3: Summarizing

In this step, the information is summarized in order to take the essence of it. The lengthy information is presented in tabular or graphical format and stored appropriately.

For summarizing, there are many tools that can be used such as software packages, charts (Pareto, cause-and-effect), and different techniques.

Step 4: Analyzing

At this stage, the information is analyzed in order to find the relationships, redundancies and patterns.

An expert or an expert team should be assigned for this purpose as the experience of the person/team plays a vital role. Usually, there are reports created after analysis of information.

Step 5: Synthesizing

At this point, information becomes knowledge. The results of analysis (usually the reports) are combined together to derive various concepts and artifacts.

A pattern or behavior of one entity can be applied to explain another, and collectively, the organization will have a set of knowledge elements that can be used across the organization.

This knowledge is then stored in the organizational *knowledge base* for further use.

Usually, the knowledge base is a software implementation that can be accessed from anywhere through the Internet.

You can also buy such knowledge base software or download an open-source implementation of the same for free.

Step 6: Decision Making

At this stage, the knowledge is used for decision making. As an example, when estimating a specific type of a project or a task, the knowledge related to previous estimates can be used.

This accelerates the estimation process and adds high accuracy. This is how the organizational knowledge management adds value and saves money in the long run.

ACTIVITY A

Identify the KM stages in any of the IT company of your choice

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ACTIVITY B

Visit any Manufacturing company of your choice and discuss with the team leader about knowledge transfer

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3.8 NOTES

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3.9 LET US SUMUP

KM involves processes that facilitate the application and development of organizational knowledge and aims to create value and to increase/sustain competitive advantage for the organization in 3 dimensions namely strategic, managerial and operational dimensions. There are generally 4 stages of KM processes, knowledge creation, codification, application and transfer. The Knowledge Management process has six basic steps assisted by different tools and techniques. When these steps are followed sequentially, the data transforms into knowledge. The steps include collecting, organizing, summarizing, analyzing, synthesizing, and decision making.

3.10 KEY WORDS

1. **KM processes:** process involved in Knowledge Management to convert data to knowledge.
2. **Knowledge creation:** Knowledge creation according to the Nonaka's SECI model is about continuous transfer, combination, and conversions of the different types of knowledge, users practice, interacts, and learn.
3. **Knowledge codification:** Knowledge codification means converting tacit knowledge to explicit knowledge in a usable form for the organizational members.
4. **Knowledge Application:** Knowledge application refers to the actual use of knowledge that has been captured or created and put into the KM cycle
5. **Knowledge Transfer:** transferring knowledge from one part of the organization to another, knowledge transfer seeks to organize, create, capture or distribute knowledge and ensure its availability for future users.

3.11 CASE STUDY

Tata Steel's knowledge management (KM) initiatives

In 2003, Tata Steel was chosen as one of Asia's Most Admired Knowledge Enterprises (MAKE). 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 late 1990s. Tata Steel was the only manufacturing company in India to have implemented KM. Tata Steel's management expected KM to play a key role in establishing intellectual assets, rather than physical assets, as the growth driver of the company. KM was also expected to be an important source of competitive advantage for Tata Steel. Tata Steel was early to recognize the significance of KM for the success of a company. It made it compulsory for all its employees to participate actively in its KM program. The company based its new performance assessment program on the participation of each individual employee in the KM program through the introduction of a "KM index". The index tallied the points achieved through participation in the KM program, giving the employees a benchmark for their participation. Tata Steel also encouraged employees to experiment with new ideas, for which they were rewarded.

Tata Steel's KM initiatives were successful and the number of hits at KM sites of Tata Steel in 2001-02 was 1100 compared to Shell's (second most admired company in Europe) 1000 hits, even though Tata Steel had only 3000 registered users as compared to Shell's 10000 registered users. Through Tata Steel's KM initiatives, expert skills became available throughout the organization and productivity increased. As employees were encouraged to come out with innovative ideas, their job satisfaction increased, and another benefit was a reduction in the R&D expenditure. Tata Steel was established in 1907 by J N Tata at Jamshedpur in Bihar, India. The company commenced production in 1911 with a capacity of 0.1mn tone of mild steel. By 1958, its capacity had increased to 2 mn tones. Over the years, Tata Steel acquired several companies. In 1973, it took over some flux mines and collieries near Jharia, West Bokaro. In 1983, it acquired the Indian Tube Co. Ltd., a manufacturer of seamless and welded tubes. In 1991, it acquired the ferro-chrome unit of OMC Alloys Ltd. near Bamnival in Orissa.

KM Initiatives at Tata Steel

The KM program at Tata Steel was started in 1999. The aim of the program was to tap the abundant knowledge base in the form of tacit knowledge and explicit knowledge that was lying unused, and make it available for use across the company...

Revamped Strategy

Though Tata Steel did make a good beginning in KM, there were some problems which were not addressed. Connectivity was still poor and access technology was not standardized.

Benefits Reaped from KM

Generally, any KM implementation has two sets of benefits (Refer figure II). First, it reduces the cost of production and consequently increases the revenue, and second, it leads to utilization of existing knowledge and creation of new knowledge...

Future of KM at Tata Steel

In the future, Tata Steel plans to link e-learning with the KM repository and KM communities, devise an intellectual capital index, network with retired employees, and develop employee skills for better externalization of knowledge and integration with the customer's knowledge.

Questions:

1. How the knowledge present within a system can be harnessed to yield major benefits to the organization as well as to the people within it?
2. Identify the KM phases in the given case
3. Explain the knowledge application processes as a part of Knowledge initiative in Tata Steel.

3.12 SELF ASSIGNMENTS QUESTIONS

1. What are the dimensions of KM processes?
2. Explain the stages in KM based on operational dimension/ knowledge usage.
3. Give example for knowledge creation.
4. Give example for knowledge codification
5. Give example for knowledge application
6. Give example for knowledge transfer
7. Explain the process of KM from data to knowledge.

3.13 REFERENCES

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UNIT - 4 : KNOWLEDGE APPLICATION AND SYSTEM

Structure :

- 4.0 Objectives
- 4.1 Introduction
- 4.2 Knowledge Applications to work practice
- 4.3 Knowledge Management Systems
- 4.4 Knowledge Services
- 4.5 Strategic Knowledge Leadership
- 4.6 Knowledge leader
- 4.7 Notes
- 4.8 Summary
- 4.9 Keywords
- 4.10 Case study
- 4.11 Self Assessment Questions
- 4.12 References

4.0 OBJECTIVES

After reading this unit, you will be able to:

- Identify knowledge to work practices
- Understand Knowledge systems
- Highlight the Knowledge service
- Analyze the Strategic knowledge leadership

4.1 INTRODUCTION

Knowledge without application is a waste. Those who just “know” will always come second to those who “do.” Put what you know in motion... apply what you’ve learned.

- Rob Hill Sr.

Today’s economy is a knowledge-based economy where the ability to create, distribute and apply knowledge are key drivers of worker productivity, company competitive advantage, and regional and industry growth. Knowledge workers are dispersed around the globe and connected through the Internet. Intellectual property challenges often arise over who owns what knowledge, and when knowledge may be traded for personal gain. Knowledge workers are continuous learners, and are typically engaged in both applying and adding to their stock of knowledge. Over time, knowledge workers develop specialized work practices and an important challenge in knowledge work is to foster effective communications between these practices.

However, knowledge workers frequently differ in how open they are to sharing what they know with potential collaborators. There are four key types of participant in knowledge work namely individuals, communities, organizations and industries. Each of these interacts with the other three participants as knowledge work unfolds. The four participants may be best understood as interdependent actors within a larger system of knowledge application and creation.

4.2 KNOWLEDGE APPLICATION IN WORK PRACTICE

Meaning:

Knowledge application is when available knowledge is used to make decisions and perform tasks through direction and routines.

Direction refers to the process through which the individual possessing the knowledge directs the action of another individual without transferring to that individual the knowledge underlying the direction. It is more that an individual who possesses knowledge advises another. For example, direction is the process used when a production worker calls an expert to ask her how to solve a particular problem with a machine and then proceeds to solve the problem based on the instructions given by the expert.

Routines involve the utilization of knowledge embedded in procedures, rules, norms and processes that guide future behavior.

Both direction and routines are applicable to either tacit or explicit knowledge. Application does not require the person applying the knowledge to understand it.

4.3 KNOWLEDGE MANAGEMENT SYSTEMS

Knowledge management systems are the integration of technologies and mechanisms that are developed to support KM processes

Knowledge Management Mechanisms

- ◆ KM mechanisms are organizational or structural means used to promote KM
- ◆ Examples of KM mechanisms include learning by doing, on-the-job training, learning by observation, and face-to-face meetings
- ◆ Mechanisms facilitating direction include traditional hierarchical relationships in organizations, help desks, and support centers
- ◆ Mechanisms supporting routines include organizational policies, work practices, and standards

Knowledge Management Technologies

- ◆ Technologies supporting direction include experts' knowledge embedded in expert systems and decision support systems, as well as troubleshooting systems based on the use of technologies like case-based reasoning
- ◆ Technologies that facilitate routines are expert systems, enterprise resource planning systems, and traditional management information systems

- ◆ Technologies that support KM include artificial intelligence (AI) technologies encompassing those used for knowledge acquisition and case-based reasoning systems, electronic discussion groups, computer-based simulations, databases, decision support systems, enterprise resource planning systems, expert systems, management information systems, expertise locator systems, videoconferencing, and information repositories encompassing best practices databases and lessons learned systems

KM systems utilize a variety of KM mechanisms and technologies to support the KM processes

- Knowledge Management Discovery Systems
- Knowledge Management Capture Systems
- Knowledge Management Sharing Systems
- Knowledge Application Systems

Knowledge Management Discovery Systems

Knowledge discovery systems support the process of developing new tacit or explicit knowledge from data and information or from the synthesis of prior knowledge

- ◆ Support two KM sub-processes
- ◆ combination, enabling the discovery of new explicit knowledge
- ◆ socialization, enabling the discovery of new tacit knowledge

Knowledge Capture Systems

- Knowledge capture systems support the process of retrieving either explicit or tacit knowledge that resides within people, artifacts, or organizational entities
- Technologies can also support knowledge capture systems by facilitating externalization and internalization

Knowledge Sharing Systems

- Knowledge sharing systems support the process through which explicit or implicit knowledge is communicated to other individuals
- Discussion groups or chat groups facilitate knowledge sharing by enabling individuals to explain their knowledge to the rest of the group

Knowledge Application Systems

- Knowledge application systems support the process through which some individuals utilize knowledge possessed by other individuals without actually acquiring, or learning, that knowledge
- Mechanisms and technologies support knowledge application systems by facilitating routines and direction.

KM Processes	KM Systems	KM Sub-Processes	Illustrative KM Mechanisms	Illustrative KM Technologies
Knowledge Discovery	Knowledge Discovery Systems	Combination	Meetings, telephone conversations, and documents, collaborative creation of documents	Databases, web-based access to data, data mining, repositories of information, Web portals, best practices and lessons learned
		Socialization	Employee rotation across departments, conferences, brainstorming retreats, cooperative projects, initiation	Video-conferencing, electronic discussion groups, e-mail
Knowledge Capture	Knowledge Capture Systems	Externalization	Models, prototypes, best practices, lessons learned	Expert systems, chat groups, best practices, and lessons learned databases.
		Internalization	Learning by doing, on-the-job training, learning by observation, and face-to-face meetings	Computer-based communication, AI-based knowledge acquisition, computer-based simulations
Knowledge Sharing	Knowledge Sharing Systems	Socialization	See above	See above
		Exchange	Memos, manuals, letters, presentations	Team collaboration tools, web-based access to data, databases, and repositories of information, best practices databases, lessons learned systems, and expertise locator systems
Knowledge Application	Knowledge Application Systems	Direction	Traditional hierarchical relationships in organizations, help desks, and support centers	Capture and transfer of experts' knowledge, troubleshooting systems, and case-based reasoning systems; decision support systems
		Routines	Organizational policies, work practices, and standards	Expert systems, enterprise resource planning systems, management information systems

Table: 4.1

4.4 KNOWLEDGE SERVICES

Meaning:

Knowledge Services is the management methodology that provides direction and solutions for these challenges, enabling the open and collaborative environment that organizational leaders have been looking for ever since knowledge management – as a distinct discipline – came on the scene a generation ago.

Definition: Embedded value, in the form of the message or signal contained within all elements of the knowledge value chain that are held or owned by an organization.

Content-based product: Tangible, storable commodity or merchandise, with embedded value, wholly or partly derived from and dependent on content.

Content-based service: Intangible, non-storable work, functions, or process, with embedded value, wholly or partly derived from and dependent on content.

Functions

- Promotes/publicizes the benefits, examples and outcomes of desirable knowledge practices
- Facilitates knowledge management across the community
- Enables common understandings
- Supports communities of practice
- Monitors and responds to new issues/needs

Philosophy

There are a number of philosophical principles which underpin a knowledge service. They ensure the service remains relevant and useful to the organisation. Some of these principles include:

- ◆ The knowledge service is strongly user-focused. Its support of organisational strategy needs to be melded with customer requirements. The service is based around a range of explicit and implicit services which are available to users. These need to provide a good quality outcome for those who employ them.
- ◆ It should provide high quality outcomes which reflect the user expectations. Effective and functional systems should address user needs. The knowledge customers are active partners in determining the service requirements. The service is highly dependent on user demand, and needs to recognise this in its activities and focus.
- ◆ Provides a range of services which facilitate knowledge management across the community. The knowledge service needs to establish effective relationships with each knowledge user and unit. Customers have high expectations of any service. In the case of knowledge services, they will anticipate access to people who know their business and who have a strong grasp of the wider knowledge context.
- ◆ The service should be reliable, dependable and credible. Knowledge service staff should be experienced, knowledgeable and very effective in dealing with their wider community. They should ensure promised services are provided to a high quality.

As part of its function, the knowledge service should ensure the risks associated with knowledge loss are minimised.

- ◆ There should be evidence of strong responsiveness and willingness to support the customer in appropriate ways. Customers need to be assured that their concerns and needs are important. This assurance is critical if high trust is to be nurtured.
- ◆ Knowledge service workers need to understand and relate to their customers, ensuring that they have been courteously and sympathetically treated.
- ◆ The presentation of the service needs to be very professional. The appearance of the employees, the quality of documentation and verbal presentations, preparation for meetings and other interactions all need to be handled with a high degree of professionalism.

ment, auditing, analysing and reporting on knowledge initiatives, and provides facilities and opportunities for knowledge community development. This service meets the many different needs which confront members of such communities.

Effective knowledge services incorporate:

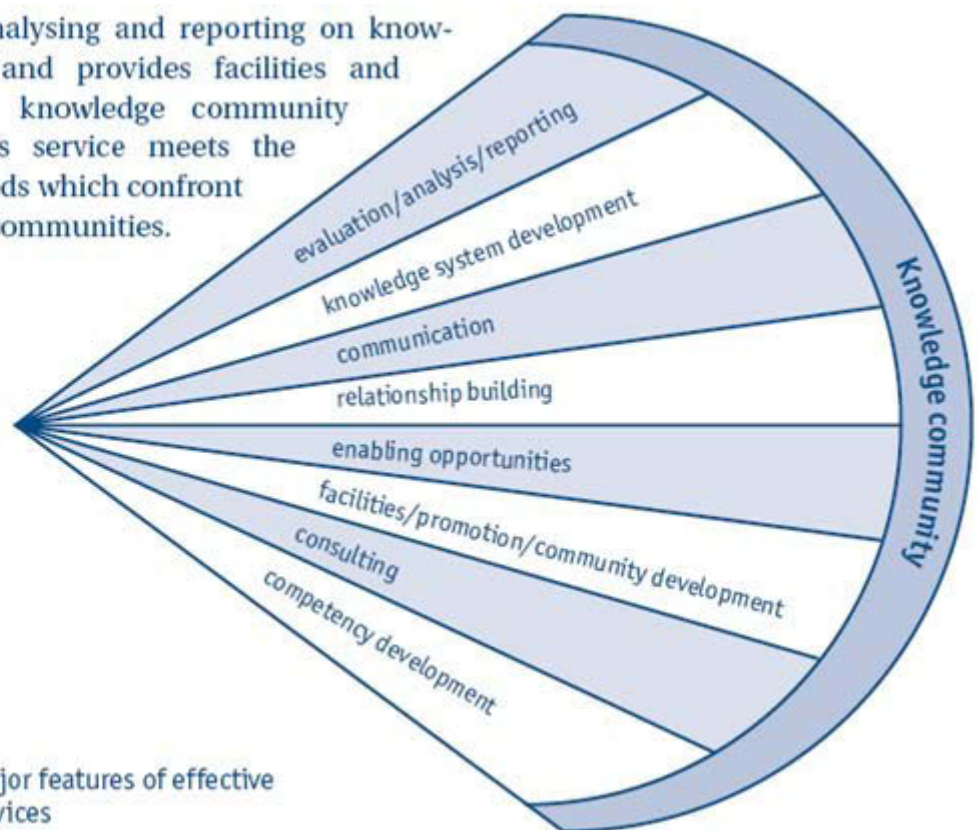


Figure 9.1: Major features of effective knowledge services

Fig 4.1

As the figure shows, there are a range of service elements which will help to build the knowledge community. While each service will design its own suite of services which reflect the user expectations, some common elements include

- Evaluation / analysis and reporting
- Knowledge management system development
- Communication across the community regarding knowledge management initiatives
- Relationship building with and across members of the knowledge community
- Enabling opportunities to assist members of the knowledge community to develop enhanced knowledge strategies.
- The provision of facilities, promotional events and community development initiatives to stimulate wider engagement with the knowledge agenda.
- Consulting to individual units or individuals to provide customised support on particular knowledge strategies or issues.
- Competency development to support the ongoing development of new and better knowledge management strategies.

Knowledge Service Contributors

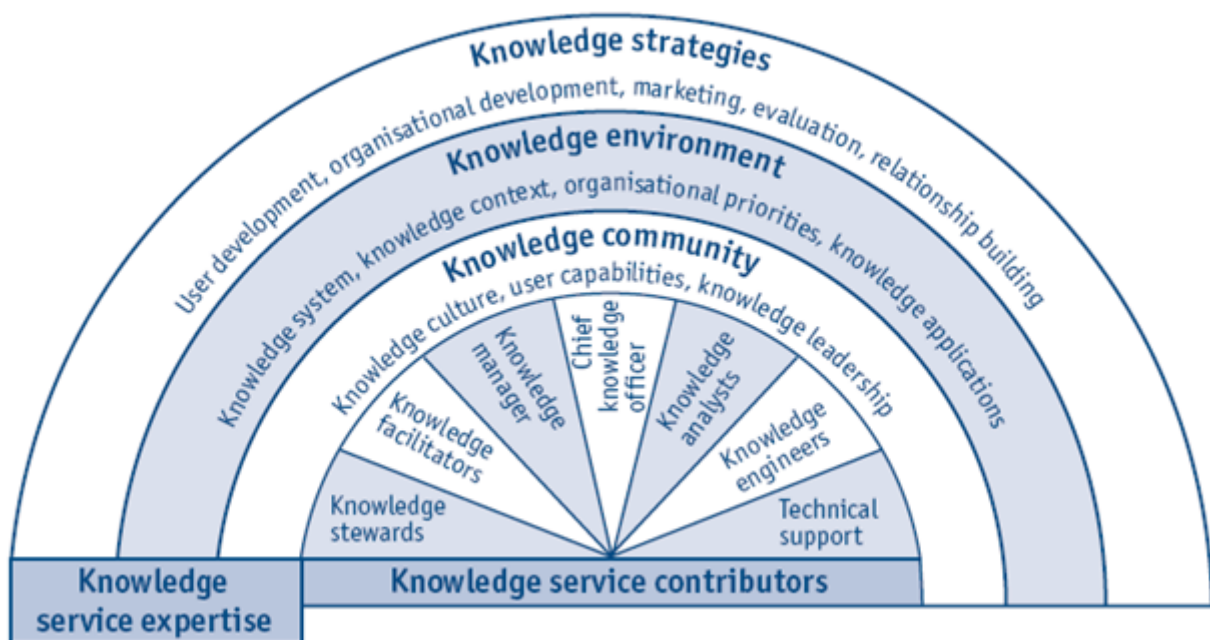


Fig 4.2

There are SIX main service roles which support knowledge management:

The *CKO* provides strategic leadership for knowledge management and builds significant political alliances to facilitate knowledge sponsorship.

- ◆ ***Knowledge analysts*** identify knowledge practices and trends.
- ◆ ***Knowledge engineers and technical support officers*** support the KMS and its usage.
- ◆ ***Knowledge managers*** coordinate the knowledge management implementation.
- ◆ ***Knowledge stewards*** operate locally as knowledge champions and enablers.
- ◆ ***Knowledge facilitator***s work across the entire community to encourage the development of the community, knowledge workers and culture. They provide an important service in boundary spanning across local groups to encourage wider interaction.

As the figure illustrates, the knowledge service influences the community in three ways.

1. First, it builds community by encouraging a strong and vibrant knowledge culture, knowledge leadership and the growth of user capabilities. The service also ensures the knowledge environment operates as an effective system and integrates well with the knowledge context and organisational priorities from the core business.

2. Second, it creates an effective knowledge environment by managing and promoting the knowledge systems to users and monitoring the knowledge context and organisational priorities. It also develops and maintains the organisation's knowledge applications, including the KMS.

3. Finally, the knowledge service provides a range of facilitative strategies to encourage knowledge adoption and also seeks to develop the most effective strategies to support users in that setting. It encourages organisational change to provide better structural support for knowledge management and enables user and organisational development. It also promotes, markets and evaluates the service while seeking to build relationships with potential champions, advocates and supporters

Funding and Promoting the Knowledge Service

◆ **Free service:**

A free service model is one where the organisation funds the service and encourages all users to access it. It can generate high demand as users build trust, partnerships and reliance on the service

◆ **Fee for service:**

Fee-for-service units are funded by those who use the service. The service responds to requests for assistance, and may be limited in the way it can operate proactively. Unfortunately, those who are less capable of paying the fee will be unlikely to seek help. Opportunities to promote and stimulate new trends and strategies become less feasible, as there may be a lack of available sponsors to fund those processes

◆ **Service level agreements:**

An alternative model is service level agreements, where each major knowledge client is provided with an outline of the level and quantity of service which will be provided free. If the demand exceeds that quota, a fee will be charged.

Knowledge service levels



Fig 4.3

This figure illustrates the different organisational levels which are supported by the knowledge service. Each level requires different forms of support, reflecting their respective needs.

4.5 STRATEGIC KNOWLEDGE LEADERSHIP

Strategic knowledge leadership highlights the importance of strategic knowledge management, knowledge leadership, and strategic leadership.

Strategic leadership: Rowe states that strategic leadership is the ability to influence other to voluntarily make day-to-day decisions that enhance the long term viability of the organization while at the same time maintaining its short term financial stability.

Leadership and Strategic Knowledge Management

The organization's leadership plays the most critical role in a strategic KM program. The sub-elements of the leadership's role and responsibilities are given below:

1. Provide KM vision and direction
2. Identify organizational priority areas and align KM efforts around these
3. Define performance measures for KM
4. Identify and put the right people in different KM roles
5. Governance—creates a structure and rhythm for regular review of progress and results. A governance body consisting of cross-functional and/or cross-departmental leaders may be created.

It is important that the leaders invited to be on the governance body themselves have a stake in the success of the KM program (ideally their own performance appraisals or KPIs must be aligned first to include KM related measurements related to their own department or function), have buy-in and seriousness about the KM program, expect high results, get involved, and spend the necessary amount of time required to provide direction and to ensure that the organization gets results from KM.

6. Provide visibility and recognition for knowledge sharing and results from KM

KNOWLEDGE WORKERS

Peter Drucker first coined the term in 1966 in his book “The effective executive”. Knowledge workers in today's workforce are individuals who are valued for their ability to act and communicate with knowledge within a specific subject area. They will often advance the overall understanding of that subject through focused analysis, design and/or development. They use research skills to define problems and to identify alternatives. Fueled by their expertise and insight, they work to solve those problems, in an effort to influence company decisions, priorities and strategies.

Various Functions of Knowledge Workers

- Analyzing data to establish relationships.
- Assessing input in order to evaluate complex or conflicting priorities.
- Identifying and understanding trends.
- Making connections.
- Understanding cause and effect relationships.
- Ability to brainstorm, thinking broadly.
- Ability to drill down, creating more focus.
- Producing a new capability (Innovation).
- Creating or modifying a strategy.

4.6 KNOWLEDGE LEADER

He or she is widely recognized as the person who is setting the direction for knowledge management and driving it forward.

Knowledge leaders can come from any part of the organization. We have seen former business development managers, financial officers; human resource managers, research managers as well as information managers and CIOs (Chief Information Officers) take charge as knowledge leaders. Whatever their background our research has identified five important characteristics that most possess:

Conceptual capabilities - knowledge management can appear complex and requires good cognitive thinking to draw out its essentials and understand how it addresses business needs.

Vision - they have a clear vision of what they want to achieve and articulate it well. Their conceptual thinking is translated into action-oriented frameworks and memorable metaphors.

Communications skills - an ability to turn abstract concepts into formats that can be communicated to the non-KM expert. Above all, they are passionate about KM and talk about it with enthusiasm, often through anecdotes.

Involvement - through their team-work and networking; they move seamlessly from high-level thinking into the finest implementation detail.

Inquisitive - they have an appetite for learning; they continually seek out new knowledge, from within their organization and their peers externally.

In short, they are good ‘change agents’ who continually challenge the *status quo*. For many, they also possess the important management skill of judgment and timing (know-why and know-when).

ACTIVITY A

Try to collect the information from at least 5 Knowledge workers about strategic leadership qualities

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ACTIVITY B

Consider a knowledge profession with which you are familiar. How do these professionals contribute to knowledge leadership in their work roles and teams? Compare this list with your class, and identify some common strategies. Consider those which were less often noted. But which are of value to consider. How might they be encouraged in knowledge workers?

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4.8 LET US SUMUP

Knowledge application is when available knowledge is used to make decisions and perform tasks through direction and routines. Knowledge management systems are the integration of technologies and mechanisms that are developed to support KM processes. The KM mechanisms include Knowledge Management Discovery Systems, Knowledge Management Capture Systems, Knowledge Management Sharing System, and Knowledge Application Systems. Knowledge Services is the management methodology that provides direction and solutions for these challenges, enabling the open and collaborative environment that organizational leaders have been looking for ever since knowledge management – as a distinct discipline – came on the scene a generation ago. There are a number of philosophical principles which underpin a knowledge service. They ensure the service remains relevant and useful to the organisation. There are a range of service elements which will help to build the knowledge community. Strategic knowledge leadership highlights the importance of strategic knowledge management, knowledge leadership, and strategic leadership. Knowledge workers in today's workforce are individuals who are valued for their ability to act and communicate with knowledge within a specific subject area. They will often advance the overall understanding of that subject through focused analysis, design and/or development. Knowledge leaders can come from any part of the organization. He or she is widely recognized as the person who is setting the direction for knowledge management and driving it forward. Conceptual capabilities, vision, communication skills, involvement and inquisitiveness are the qualities of knowledge leader.

4.9 KEY WORDS

1. **Knowledge application** is when available knowledge is used to make decisions and perform tasks through direction and routines.
2. **Direction** refers to the process through which the individual possessing the knowledge directs the action of another individual without transferring to that individual the knowledge underlying the direction.
3. **Routines** involve the utilization of knowledge embedded in procedures, rules, norms and processes that guide future behavior.
4. **Knowledge management systems** are the integration of technologies and mechanisms that are developed to support KM processes

5. **Knowledge Services** is the management methodology that provides direction and solutions for these challenges, enabling the open and collaborative environment that organizational leaders have been looking for ever since knowledge management – as a distinct discipline – came on the scene a generation ago.
6. **Content-based product:** Tangible, storable commodity or merchandise, with embedded value, wholly or partly derived from and dependent on content.
7. **Content-based service:** Intangible, non-storable work, functions, or process, with embedded value, wholly or partly derived from and dependent on content.
8. **Strategic leadership** Rowe states that strategic leadership is the ability to influence other to voluntarily make day-to-day decisions that enhance the long term viability of the organization while at the same time maintaining its short term financial stability.
9. **Knowledge workers** in today’s workforce are individuals who are valued for their ability to act and communicate with knowledge within a specific subject area.
10. **Knowledge Leader:** He or she is widely recognized as the person who is setting the direction for knowledge management and driving it forward.

4.10 CASE STUDY

In 2011, US-based home appliance major Whirlpool Corporation (Whirlpool) was ranked #6 on the “World’s 10 Most Innovative Consumer Products Companies” list released by Fast Company³. This was the second consecutive year Whirlpool had been named to the list. Globally, Whirlpool was recognized as an innovation leader for embedding innovation across the company and for launching breakthrough products that satisfied unmet consumer needs. Despite the global economic recession, Whirlpool generated more than US\$3.6 billion in revenue from its innovation efforts in 2010. “As we celebrate our 100th year in business, we are proud to be named one of the World’s Most Innovative Consumer Products companies.

Whirlpool believes innovation is a sustainable competitive advantage for our company and that this recognition reinforces the importance we have always placed on making innovative products consumers want, need, and deserve,” said Jeff M. Fettig (Fettig), chairman and CEO of Whirlpool.

In 1999, the then CEO of Whirlpool, David R. Whitwam (Whitwam), launched a worldwide effort to embed innovation as a core competency throughout the organization

as he believed that innovative thinking came from everyone and everywhere. He felt that Whirlpool could gain sustainable competitive advantage in the white goods industry⁴ by focusing on innovation. The key objective of Whirlpool's innovation strategy was to help every single employee think outside the box and come up with exciting products that delivered real value to consumers and generated revenues for the company. To instill innovation as a core competency, Whirlpool made significant investments which included redesigning business processes, training thousands of employees, building a Knowledge Management System (KMS), and changing the culture of the company. According to Moises Norena (Norena), Global Director of Innovation for Whirlpool, "We pursue innovation as the engine of growth. It is a very intrinsic part of our strategy. Ten years ago Whirlpool decided to change focus from an engineering-driven company to a customer-focused company and the way to achieve that was through innovation. Innovation is a part of strategy in that sense and is also a capability. It is a part of our business process and is the way we increase profit margin and drive growth."...

As innovation from everyone and everywhere required knowledge to be democratized and available to everyone, Whirlpool designed a comprehensive internal KMS in 2001. It allowed Whirlpool employees to learn and share information about innovation. As part of its KMS, Whirlpool created a tracking system called Innovation Pipeline (I-Pipe) that enabled innovators to convert ideas into innovations. The tool tracked how ideas evolved from inception to implementation. Whirlpool also created an intranet-based KMS called Innovation E-space that allowed all employees to keep track of innovation activities at the company. On the website, employees could provide suggestions and ideas, obtain feedback, share their insights with other employees, and volunteer for innovation projects.

According to industry experts, Whirlpool's KMS helped its employees generate breakthrough ideas for products and businesses and deliver value to consumers. Whirlpool's KMS served as a platform wherein employees worldwide participated and contributed to innovation-related activities resulting in new ideas, products, and services. These in turn contributed to Whirlpool's overall revenues and profits.

Though the KMS at Whirlpool continued to present challenges in the form of significant investments and efforts, the company continued to develop it in order to foster innovation.

Going forward, Whirlpool planned to increase its investment in product innovation to drive sustained future growth and create value for its shareholders, employees, and customers.

According to Fetting, “We know our long-term growth opportunities are abundant, and we will continue to invest in consumer-relevant innovation, appliance growth in new and emerging markets, expansion into higher-margin, faster-growing adjacent businesses, and advancement of our global brand portfolios.

Keeping our core appliance business healthy and growing is critical to our success. Innovation is the fundamental driver of our growth - as it has been for the last century - and we invest more than \$500 million annually in Research & Development.”...

Whirlpool was the world’s leading manufacturer and marketer of major home appliances with 66 manufacturing and technology research centers around the world as of 2011. It manufactured appliances across all major categories, including fabric care, cooking, refrigeration, dishwashers, countertop appliances, garage organization, and water filtration. The company’s leading portfolios of brands included Whirlpool, Maytag, KitchenAid, Jenn-Air, Amana, Brastemp, Consul, and Bauknecht. In 2011, Whirlpool generated annual sales of around US\$18.7 billion and had 71,000 employees globally. The history of Whirlpool dates back to 1911 when three brothers 3/4 Frederick, Louis, and Emory Upton - set up a company, Upton Machine Corporation (Upton) at St. Josephs, Michigan, USA, to produce electric motor-driven wringer washers...

Need for Redefining Innovation

In 1997, Whirlpool rolled out a brand focused value creation strategy which focused on building brand equity and customer loyalty by developing path breaking products. Whitwam felt that in order to execute its brand focused value creation strategy, Whirlpool would have to be innovative and operationally excellent. However, the company was unable to create sufficient value for its shareholders, though it was the leading global home appliance maker at that time. The company’s revenues, profit margins, and market share remained stagnant. According to Whitwam, “Despite our aggressive actions during the last several months, we continue to face industry and economic conditions that have led to intensified price competition, rising material costs, and slowing or declining demand. Appliance-industry shipment declines in North America and a broad industry slowdown in Europe have been far more pronounced than previously forecast”.

Embedding Innovation as Core Competency

In September 1999, Whitwam announced the company's new vision - "Innovation from Everyone and Everywhere", which meant innovation across the company including its products, customer touch points, business systems with suppliers and vendors, and its entire strategic focus. The key objective of the strategy was to derive innovative ideas not just from a central product development team but from everywhere and everyone. The new vision was supported by three new prerequisites - Reach High, Focus on What Matters, and Do What You Commit To. The new innovation system defined innovation as a creative idea focused on a customer touch point that offered unique and compelling solutions to the customer, provided sustainable competitive advantage, and created extraordinary value for the company's shareholders...

Consumer-Driven Innovation Model

Gradually, Whirlpool developed its 'consumer-driven innovation model' that recognized three areas for innovation - new products, marketable innovations, and product replacements. It was reported that the innovation model encouraged employees to understand customer needs and get more involved in product development. To drive innovation further, Whirlpool applied the Double Diamond innovation process wherein products were designed by looking at various perspectives such as company values, customer views, understanding the processes, and environmental issues. The phases in the Double Diamond innovation process included ideas, business case, experiments, prototype, and scale-up...

Questions:

1. Understand the issues and challenges faced by a company in deploying innovation as a core competency
2. Understand the strategic importance of knowledge management in gaining a competitive advantage
3. Analyze the knowledge management tools used by Whirlpool to capture and disseminate knowledge
4. Examine the role played by the top management to develop a knowledge management framework in an organization
5. Appreciate the use of IT for knowledge management and innovation management
6. Explore strategies that the company might adopt in the future to drive innovation and encourage knowledge sharing .

4.11 SELF ASSIGNMENTS QUESTIONS

- 4 How knowledge is applied in work practices?
- 5 What is knowledge application?
- 6 What is direction?
- 7 What is routine?
- 8 Define knowledge management system.
- 9 What is knowledge management mechanism?
- 10 What are knowledge management technologies? Give example
- 11 Mention the knowledge management mechanisms.
- 12 What is Knowledge Management Discovery Systems?
- 13 What is Knowledge Management Capture Systems?
- 14 What is Knowledge Management Sharing Systems?
- 15 What is Knowledge Application Systems?
- 16 Illustrate knowledge management mechanisms in knowledge management processes.
- 17 Illustrate knowledge management technologies in knowledge management processes.
- 18 Define knowledge service
- 19 What are the functions of knowledge service?
- 20 Explain the philosophy of knowledge service.
- 21 What are the features of effective knowledge service?
- 22 Explain knowledge service contributors.
- 23 How knowledge service is funded? Discuss.
- 24 Mention the knowledge service levels.
- 25 Explain the components of strategic knowledge leadership.
- 26 Who are knowledge workers?
- 27 Define knowledge leader. What are the qualities existing in knowledge leader? Discuss.

4.12 REFERENCES

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MODULE –II
STRATEGIC KNOWLEDGE MANAGEMENT AND
ORGANISATIONAL CULTURE

UNIT-5 : MODELS OF KNOWLEDGE MANAGEMENT &
ITS PHASES OF DEVELOPMENT

Structure :

- 5.0 Objectives
- 5.1 Introduction
- 5.2 Models of Knowledge Management
- 5.3 Knowledge Workers
- 5.4 Phases of Knowledge Development
- 5.5 Knowledge Management Infrastructure
- 5.6 Notes
- 5.7 Summary
- 5.8 Key Words
- 5.9 Self - Assessment Questions
- 5.10 References

5.0 OBJECTIVES

After studying this unit, you will be able to;

- Understand the various models of knowledge management used by organizations to build advantage over their competitors.
- Characterise knowledge workers and outline the nature of work they do
- Comprehend the five phases of knowledge development
- Identify the key elements of knowledge management infrastructure and its role in creating a knowledge environment

5.1 INTRODUCTION

Knowledge management enables the firm to better protect and exploit what it knows, and to improve and focus its knowledge development efforts to match its needs. In other words: It helps firms learn from past mistakes and successes. It better exploits existing knowledge assets by re-deploying them in areas where the firm stands to gain something, e.g. using knowledge from one department to improve or create a product in another department, modifying knowledge from a past process to create a new solution, etc. It promotes a long term focus on developing the right competencies and skills and removing obsolete knowledge. It enhances the firm's ability to innovate and it also enhances the firm's ability to protect its key knowledge and competencies from being lost or copied.

5.2 MODELS OF KNOWLEDGE MANAGEMENT

Boisot's Knowledge Category Models

In 1987, Boisot developed a model that considers knowledge as either codified or uncodified and as diffused or undiffused, within an organization. First, the term "codified" in this case refers to knowledge that can be readily prepared for transmission purposes such as financial data. In this model, codified undiffused knowledge is referred to as propriety knowledge and is deliberately transmitted to a small group of people, on a "need to know" basis. Second, "uncodified" refers to knowledge that cannot be easily prepared for transmission purposes such as experiences. The model suggests that uncodified and undiffused knowledge is referred to as personal knowledge (e.g. experiences, perceptions, views, ideas). Third, the left quadrant of the model covers public knowledge and common sense knowledge. Public knowledge is codified and

diffused (e.g. library, journals, books, newspapers, etc.). Finally, common sense knowledge which is relatively diffused and uncodified can gradually develop through the process of socialization and externalization (Boisot, 1987). Indeed, this model suggests that there is a spread or diffusion of knowledge across organization as reflected in the horizontal dimension of the model. However, the codified and uncodified categories in the model are discrete categories of knowledge. In addition, the concept of diffused knowledge is rather general and lack clarity if it includes gathering knowledge within the organization or the idea of spreading it.

Nonaka's Knowledge Management Model

Nonaka's knowledge management model (Nonaka & Takeuchi,) presumes that knowledge consists of tacit and explicit elements. In this aspect, tacit knowledge is defined as nonverbalised, intuitive and unarticulated, whilst, explicit knowledge is articulated and can be specified in writing, drawings, computer programming and others. This model believes tacit knowledge can be transferred into tacit knowledge in others by socialization and tacit knowledge can be transferred into explicit knowledge by formalizing a body of knowledge or through externalization process. The model also believe that explicit knowledge can be transferred into tacit knowledge in others by translating theory into practice also known as a process of *internalization* and explicit knowledge can be transferred to explicit knowledge in others by combining various existing theories – known as combination process. This simple matrix model presume that knowledge transfer in organizations is simple and straightforward but it was argued that it can be complicated and complex than it seems (McAdam & McCreedy, 1999). Even though each of these modes may independently create knowledge, the organizational knowledge creation processes only occur when all the four modes are organizationally managed and dynamically interacted. This process which is highly iterative constitutes 'knowledge spiral' which happens mainly through informal networks of relations in the organization starting from the individual level, then moves up to the group (collective) level and eventually to the organizational level. It creates a 'spiraling effect' of knowledge accumulation and growth which promotes organization innovation and learning (Nonaka, 1994; Nonaka and Takeuchi, 1995). There are several similarities between Nonaka's and Boisot's knowledge management models. First, Boisot's codified and uncodified knowledge has some degree of similarity with Nonaka's category of tacit and explicit knowledge. Second, both models assume that there is a spread or diffusion of knowledge across the organizations as indicated by the horizontal dimension of the model. Finally, in correspondence with Boisot's model, Nonaka's tacit and explicit knowledge are two separate categories of knowledge.

Hedlund and Nonaka's Knowledge Management Model

Knowledge transfer in organizations is not as simple as Nonaka's simple matrix suggests. Knowledge transfer can be very complicated and complex hence, a more elaborate version of Nonaka's model was developed to describe the four levels of carriers or agents of knowledge in organizations. This four levels of 'carriers' perspective assumes that knowledge is categorized into the individual, the group, the organization and the interorganizational domains. In this aspect, the interorganizational domain includes important customers, suppliers, competitors and others. Even though, this model is supportive as it relates the carriers to the types of knowledge, it is complicated as the carriers are segregated and related with the limited types of knowledge, which is consistent with Nonaka's externalization and combination knowledge management process (McAdam & McCreedy, 1999). Indeed, Hedlund and Nonaka (1993) argue that knowledge management characteristics can have serious implications for the various types of activities such as innovation and strategies and this can affect organizations' success or failures. Hence, this suggests that the essence of organizations' survival and success can depend on how they create, transfer and exploit their knowledge resources.

Skandia Intellectual Capital Model of Knowledge Management

Knowledge management was not only seen as the transfer of tacit and explicit knowledge but it has also been argued as intellectual capital (Chase, 1997; and Roos and Roos, 1997). The intellectual capital model of knowledge management was developed by a Swedish firm called Skandia as an approach for measuring its intellectual capital. The model focuses on the importance of equity, human, customer and innovation in managing the flow of knowledge within and externally across the networks of partners. Lank (1997) suggests that this model assumes a scientific approach to knowledge and assumes that intellectual capital can be transformed into commodity or assets of organizations but unfortunately, this intellectual view of knowledge management ignores the political and social aspects of knowledge management. Indeed, this is consistent with Nonaka's view of knowledge management. Skandia intellectual capital model of knowledge management gives a strong emphasis to measurement associated with each of the decomposed elements (human, customer and structure) of knowledge management assuming that it can be tightly controlled. However, this approach can result in attempts to fit objective measures to subjective elements. Hence, this mechanistic approach to measurement is more consistent with Nonaka's process of externalization and combination (Lank, 1997).

Demerest's Knowledge Management Model

Demerest's knowledge management model emphasize on the construction of knowledge within an organization. This construction is not limited to scientific inputs but is seen as including the social construction of knowledge. The model assumes that constructed knowledge is then embodied within the organization, not just through explicit programs but through a process of social interchange (Mc Adam and McCreedy, 1999). It showed that there is a process of dissemination of the espoused knowledge throughout the organization and its surrounding. Ultimately the knowledge is seen as being of economic use in regard to organizational outputs. The model is attractive in that it does not assume any given definition of knowledge but rather invites a more holistic approach while, in reality, the flows of knowledge transfer may be extremely rapid and circulatory, as in the case for some forms of action learning. Demerest's model has been slightly modified of which seeks to address these limitations by explicitly showing the influence of both social and scientific paradigms of knowledge construction. The model also extends the "use" element to cover both business and employee benefits. If knowledge management is to have the support and commitment of all stakeholders in an organization then employee emancipation must be addressed along with the business benefits. These issues should not be seen as mutually exclusive but as complementary.

Frid's Knowledge Management Model

According to Frid's (2003) knowledge management framework, the knowledge management maturity assessment levels and knowledge management implementation can be divided into five levels. The five maturity levels are knowledge chaotic, knowledge aware, knowledge focused, knowledge managed, and knowledge centric. The first *level - knowledge chaotic* suggests that organizations at this level are in the process of understanding and implementation of Frid framework for knowledge management which encompasses knowledge management vision, knowledge management objectives and knowledge management indices. Organization should focus on advocating and adapting departmental knowledge management vision and goals as well as performing Frid's framework knowledge management maturity assessment. Whereas level two - knowledge aware suggests that organizations at this level are a step higher than those at knowledge chaotic. Also, to understand and implement Frid's framework for knowledge management; advocating and adopting departmental knowledge management vision and goals; and performing Frid framework maturity assessment, organization at this point should focus on developing a knowledge management road map and working collaborately with the knowledge management office. At the third level - knowledge focused indicated that

organizations should have covered the implantation aspects as in the lower two levels and start focusing on five new activities. Organizations at this point should embed knowledge management into process engineering; provide initial knowledge management infrastructure, services and training; support early adopters and knowledge community; monitor and report on management indices and finally include knowledge management in budgets. However, the fourth level termed as knowledge managed adopt the fundamental activities suggested in level one, two and three other than organizations should attempt to embed knowledge management in performance reviews and also in business plans apart. Finally, knowledge centric as the last level is the highest of all knowledge management implementation maturity level based on Frid's model. The distinctive and differentiating activities that organizations should focus on are institutionalizing successful initiatives and valuing intellectual assets. These activities differentiate knowledge from other levels. Moreover, all knowledge management activities should be given equal emphasis at this level.

Stankosky and Baldanza's Knowledge Management Framework

Stankosky and Baldanza (2001) developed a knowledge management framework which addresses enabling factors such as learning, culture, leadership, organization and technology. This framework presents that knowledge management encompasses a wide range of disciplines that include cognitive science, communication, individual and organizational behavior, psychology, finance, economics, human resource, management, strategic planning, system thinking, process reengineering, system engineering, computer technologies and software and library science. In addition, it was suggested that the four major foundations of an organization which is important for knowledge management are leadership, organization structure, technology infrastructure and learning. First, leadership is responsible for practicing strategic planning and systems thinking approaches, making best use of resources, fostering a culture that encourages open dialogue and team learning, and for encouraging and rewarding risk taking, learning and knowledge sharing. Key element for leadership is strategic planning, communication, system thinking and business culture. Second, organization structure should facilitate personal interactions and support communities of practice to capture tacit and explicit knowledge within the organization. Organizational structure in an organization should instill trust among people within the organization and encourage free exchange of knowledge. It should also be concerned with managing change in order to achieve better results. The key elements of organizational structure are processes, procedures, performance management system and communication. Third, technology infrastructure

makes it possible to exchange information without formal structures. Technology infrastructure should promote the efficient and effective capture of both tacit and explicit knowledge. It should also support knowledge sharing in the entire organization. Communication, electronic mail, intranet, internet, data warehousing and decision support systems are some of the key elements. Fourth and final pillar of learning is leveraging knowledge. The role of learning is to manage information in order to build enterprise wide knowledge and use that knowledge to organizational learning, change and performance improvement. Learning communities, virtual teams, communication and a culture of trust can be identified as some of the key elements.

Kogut and Zander's Knowledge Management Model

Kogut and Zander (1992) are among the first researchers who established the foundation for the knowledge-based theory of the firm when emphasizing the strategic importance of knowledge as a source of competitive advantage. Their work is focused on the idea that “what firms do better than markets is the creation and transfer of knowledge within the organization”. Knowledge, which consists of information and know-how, is not only held by individuals but is also expressed in regularities by which members cooperate in a social community. Firms as social communities act as “a repository of capabilities” determined by the social knowledge embedded in enduring individual relationships structured by organizing principles (Kogut and Zander, 1992). The organizing principles refer to as “the organizing knowledge that establishes the context of discourse and coordination among individuals with disparate expertise and that replicates the organization over time in correspondence to the changing expectations and identity of its members” (Kogut and Zander, 1996). This view was further articulated and empirically tested in Kogut and Zander (1993). They assert that 1) firms are efficient by which knowledge is created and transferred, 2) a common understanding is developed by individuals and groups in a firm through repeated interaction to transfer knowledge from ideas into production and markets, 3) what a firm does is not depending on the market's failure rather the efficiency in the process of transformation relative to other firms, and 4) the firm's boundary is determined by the difference in knowledge and the embedded capabilities between the creator and the users (possessed with complementary skills) and not market failure. Kogut and Zander (1996) further extend their discussion on the concept of identity by asserting that individuals are “unsocial sociality” where they have both a desire to become a member of community and at the same time also have a desire to retain their own individuality (Kogut and Zander, 1996). As firms provide a normative territory to which members identify, costs of coordination, communication, and learning

within firms are much lower which allow more knowledge to be shared and created within firms.

5.3 KNOWLEDGE WORKERS

Knowledge workers, alternatively termed knowledge entrepreneurs, free agents, or human capital, constitute the fastest growing sector of the workforce in the world. Peter Drucker, the eminent management writer credited with coining the term knowledge worker, defines these individuals as “high level employees who apply theoretical and analytical knowledge, acquired through formal education, to develop new products or services”. Knowledge workers are those who acquire, manipulate, interpret, and apply information in order to perform multidisciplinary, complex and unpredictable work. They analyze information and apply expertise in a variety of areas to solve problems, generate ideas, or create new products and services.

Examples of knowledge workers include professionals, scientists, educators, and information system designers. Knowledge work is characterized by the use of information, by unique work situations, and by creativity and autonomy. Knowledge workers make decisions rather than physical items and work with ideas rather than with objects. Their work focuses on mental rather than muscle power and is characterized by non-repetitive tasks. Knowledge workers use different methods and techniques to solve problems and have the authority to decide what work methods to use in order to complete their varying job tasks.

Categorization Of Knowledge Workers

Knowledge workers can be grouped into various categories, based on the amount of time spent on individual tasks or on the type of information or skills possessed. The fact that knowledge workers can be classified in different ways is indicative of the variety of jobs they hold.

Knowledge workers can be categorized according to the amount of time engaged in routine versus innovative behaviors. On one end of the scale, workers perform tasks that are primarily repetitive and routine in nature but occasionally use complex information to make independent decisions, often with regard to customer service issues. Employees at the spectrum’s opposite end spend most of their time accessing information and making independent decisions with regard to that information.

A second way to categorize those whose work focuses on information and ideas is as follows: specialty knowledge workers, portable knowledge workers, and creation

of knowledge workers. Specialty knowledge workers possess a significant amount of knowledge related to a specific company's products or services. These individuals can be thought of as housing vital corporate assets in their heads. Portable knowledge workers possess information of wide and immediate utility. They are familiar with knowledge that is in demand by a variety of organizations. Software programmers, librarians, and persons with business degrees are examples of portable knowledge workers. Creation of knowledge workers focuses the majority of their efforts on innovative behaviors, such as product design and development. Examples of creation of knowledge workers include scientists and information systems designers.

Knowledge Worker Characteristics

Knowledge work is complex, and those who perform it require certain skills and abilities as well as familiarity with actual and theoretical knowledge. These persons must be able to find, access, recall, and apply information, interact well with others, and possess the ability and motivation to acquire and improve these skills. While the importance of one or more of these characteristics may vary from one job to the next, all knowledge workers need these basic qualifications. More jobs now require college degrees than ever before and a shortage of knowledge workers is imminent. Another future concern is the retirement of experienced plant managers, research scientists, and other knowledge workers that will lead to reduced capacity to innovate and pursue growth strategies as well as increase costly operational errors and decrease efficiency in the management of resources and productivity.

Possessing Factual And Theoretical Knowledge

Knowledge workers are conversant with specific factual and theoretical information. Schoolteachers possess information regarding specialized subject matter, teaching strategies, and learning theories. The sales representative commands factual knowledge concerning the product he or she sells and theoretical knowledge about how to interest customers in that product. Prospective knowledge workers may need years of formal education to master the information needed to enter a particular field of work. Because knowledge is always being created, this type of employee will be acquiring additional information on a continual basis.

Finding And Accessing Information

At a time when the operations of today's information society depends on knowledge that is continually growing and changing, distribution of information within organizations has become problematic due to the massive amount of information with

which employees need to be familiar. Knowledge workers must therefore know how to independently identify and find such material. Such employees need to know which sources provide the information they need and how to use these sources in order to locate information successfully.

Ability To Apply Information

Knowledge workers use information to answer questions, solve problems, complete writing assignments, and generate ideas. Use of analogical reasoning and relevance judgment enables employees to address successfully personal and customer service-related issues. Analogical reasoning is a knowledge-based problem-solving process in which persons apply information from precedents to new situations. Relevance judgment is the process by which individuals decide whether or not a precedent is applicable to the problem at hand. The non-repetitive nature of knowledge workers' jobs makes crucial the ability to apply information to new situations.

Communication Skills

Knowledge work is characterized by close contact with customers, supervisors, subordinates, and team mates. Successful knowledge workers present clearly, in spoken and written word, both factual and theoretical information. These employees listen with understanding and ask for clarification when they do not understand what is being said to them.

Knowledge workers must be able to speak, read, write, and listen in one-on-one and group settings. Emphasis on quality customer service and customization of goods and services to meet individual customer needs and wants brings knowledge workers into close contact with customers. The goals of organizational effectiveness and continual improvement of products, together with the need to continually consider new information in order to accomplish work, require communication between supervisor and supervised and among team mates or colleagues. Knowledge workers possess communications skills that enable them to collaborate with one another for goal-setting, decision-making, and idea generating purposes.

Motivation

The nature of knowledge work requires continual growth, in terms of mastery of information and skill development, on the part of those who do this type of work. Knowledge workers must become and remain interested in finding information, memorizing that information, and applying it to their work. Because new technological developments call on knowledge workers to change continuously the way they accomplish

their work, these individuals must maintain a desire to apply their talents toward incorporating new information and new technologies into their work.

Intellectual Capabilities

Knowledge workers must have the intellectual capabilities to acquire the skills discussed above. Such intellectual capacities include those concerned with the understanding, recall, processing and application of specialized information. Persons who perform knowledge work must possess the abilities needed to acquire appropriate communication skills and to learn how to figure out where and how information can be located. Knowledge workers are able to learn how to read and write at postsecondary levels and to perform abstract reasoning. They also have the intellectual capacity to understand the value of acquiring and maintaining the knowledge and skills needed to accomplish their work.

Hiring And Retaining The Knowledge Worker

The shortage of knowledge workers makes employers concerned with attracting and retaining these employees. In order to hire and retain knowledge workers, employers may offer higher salaries, attractive work environments, and continuing educational opportunities. Employers take actions designed to attract and retain knowledge workers by creating a free-agent community, respecting knowledge workers as new bosses, and providing growth opportunities. In a free-agent community, employees have the freedom to choose their work methods and work in the environments in which they function best. Treating knowledge workers as the new bosses means that management operates as a facilitator rather than as a controller of work. This gives knowledge workers the autonomy they need to complete their work as they see fit. Employers make work attractive and rewarding by providing growth opportunities, such as those that are associated with ongoing training and development, special assignments, and rotation of jobs and job responsibilities. In such ways, employers attempt to address the knowledge worker shortage.

Improving Knowledge Worker Productivity

Knowledge worker productivity influences success in today's competitive work economy, and businesses are focusing on increasing this productivity. Management facilitates the knowledge worker's job performance by providing access to relevant information; environments that promote this information's desired use, continuing educational opportunities, and a balance between guidance and autonomy.

Employers use costly technologies to facilitate access to and manipulation of information. The term information technology refers to computer equipment and programs used to access, process, store, and disseminate information. Examples of information technologies include word processing, spreadsheet, and electronic mail programs, and a variety of other software programs designed to process information in specific ways. Information technologies are designed to reduce the amount of time employees spend on information access, management and manipulation and to increase the accuracy of these processes. Information technology is important because it helps make information accessible and manageable in a time when accessibility and manipulation of information are crucial to the world economy.

The Workplace

The characteristics of each individual knowledge worker's workplace depend on the type of work accomplished and what the employer is willing and able to provide. Workplace arrangements range from traditional physical office space occupied by employees between the hours of 9:00 A.M. to 5:00 P.M. each workday to virtual office space which can exist just about anywhere.

The traditional clerk or manual labourer's workspace may remain basically the same as it was in the past, altered slightly in order to bring employees into closer contact with one another and with their customers or to permit the introduction of new equipment. This being the physical aspects of this type of workplace center on the completion of repetitive tasks and job duties.

Knowledge workers who work exclusively with ideas and information may operate in a non-traditional workplace situated anywhere that employees have access to needed computer and communication equipment. Individuals who work in such "virtual offices" may utilize physical office space as necessary or use "hoteling" to visit customers. Hoteling is a process by which those who work out of virtual offices schedule physical office space for meetings with colleagues, customers, clients, and sales representatives. Writers, researchers, outside sales representatives, and product designers are examples of knowledge workers who might utilize non-traditional workspaces.

Challenges And Opportunities

The increasing demand for employees who use their skills and talents to perform complex and non-repetitive work presents both challenges and opportunities. The challenges include attainment and maintenance of a well educated, highly skilled, and efficient workforce. Opportunities include chances for greater numbers of working age

people to hold more rewarding jobs than previously possible and for employees to be judged according to their unique talents and abilities rather with regard to how quickly they complete repetitious tasks or how well they conform to pre-established work standards.

Education of a properly skilled workforce will take special effort. Society will need to convince its members to pursue educational and training opportunities that will qualify them for knowledge work. Businesses and educational institutions may work together to determine exactly what skills and knowledge students need to enter the workforce and how to educate students accordingly. Educators and employers will need to ensure that those who need to know how to use certain technologies are able to do so and will not become disconnected because they are unable to use advanced computer programs or telecommunications equipment. While potential knowledge workers will require familiarity with specialized information related to the type of work they plan to undertake, it will be important that their educational backgrounds give them a common basis for understanding one another.

Hiring, retention, and productivity of knowledge workers will remain important issues. As the shortage of persons qualified to perform knowledge work increases, employers will be challenged to find more effective ways to hire and retain these individuals. In order to improve productivity, employers will try to figure out how to promote teamwork among knowledge workers, how to best design the workplace, and how to keep knowledge workers from becoming overwhelmed with the information they need to do their jobs.

The use of information technology to manage and manipulate information presents a series of challenges. Employees will need to find ways to fund these technologies and to provide training on their use. In order to maximize the value of information technologies, employers will want to determine how and when information technologies increase knowledge worker productivity and performance, how to best match a particular technology with a specific job, and how computer programs can be best used to locate, process, and create information. Employers will also need to know how to evaluate employee use of information technologies and how to cope with underutilization of and resistance to these technologies. With this user-oriented infrastructure, mission critical business news, financial and research data is now available upon demand to the user's desktop. In fact, the availability of critical information via the web has created a new breed of telecommuting knowledge workers with anytime/anyplace capabilities.

The shift from blue-collar jobs to knowledge work presents new opportunities. Greater numbers of people will be able to hold jobs that enable them to develop their talents and use their creativity. These new knowledge workers will have greater job mobility. Employers will respect them as individuals who bring unique talents and abilities to their jobs as opposed to workers who perform repetitious tasks. Leadership opportunities will be open to increasingly greater numbers of people.

The twenty-first century has brought a new challenge in the form of outsourcing knowledge workers in several sectors of the economy. Business process outsourcing services are now flowing to countries such as India, the Philippines, Russia and China. Consultant A.T. Kearney predicts that analysis and research, regulatory reporting, human resources, and accounting will be the next generation of financial industry jobs migrating overseas. Concern about high costs and poor quality resulting from cultural and communication issues due to outsourcing, has been expressed. Under utilization and cost demands of business worldwide are influencing the changes in knowledge worker skills, requirements, and work location. Identifying and utilizing the knowledge worker in an effective and cost efficient manner is a challenge for business and for the economy today.

5.4 PHASES OF KNOWLEDGE DEVELOPMENT

Knowledge is an unusual element of the business world , in that the more it is used , the better it becomes. The ability to distribute and duplicate Knowledge across a range of people is the key to its value and versatility in organizations. It can reduce the time taken to learn new competencies and insights, and save significant costs in lost opportunities. People develop knowledge as an ongoing process through their work. Knowledge evolves as it is reshaped through encounters with new events, information or other people. It may reside within the individual as personalized knowledge, be accessible through others, or stored as personalised knowledge, be accessible through others, or stored as a retrievable artifact. Artefacts are knowledge sources which may be reused and redeveloped by others. They are valuable mechanisms for sharing the outcomes of knowledge creation.

Organisational knowledge relies on collective and individual contributions. It evolves as others review, use and learn from the organizational sources. Organisations are increasingly regarding knowledge creation and innovation as core business, as more people spend most of their work time creating and innovating. In projects, meetings and think-tanks, their individual knowledge becomes part of collective activity that seeks to

build a bank of knowledge for use by the organization. Figure 2.1 illustrates the five stages of organizational development: knowledge sourcing, knowledge abstraction, knowledge conversion, knowledge diffusion, and knowledge development and refinement. The process of knowledge development is dynamic and responsive, drawing cues and feedback from a range of sources throughout the various stages. This feedback may influence subsequent knowledge construction as it provides further cues and information which are considered and evaluated.

Knowledge sourcing

The identification of a knowledge gap between what is known and what needs to be known is often the stimulus for starting the knowledge creation process. In response to the identification of a knowledge gap, the organization commonly reviews existing sources of guidance held by individuals or other organizational resources. This process of drawing together as many informed knowledge sources as possible is called knowledge sourcing. Sources to be tapped might include specialized and prior knowledge held by individuals within the organization, expert guidance from people such as consultants organizational records or the firm's intranet. Learning from previous experience is a significant source of guidance, particularly where the problem under investigation.

Knowledge abstraction

After analysing the knowledge sources, general principles and concepts are generated to guide the construction of the new knowledge. This process is called knowledge abstraction. knowledge abstraction helps to frame the insights gained from knowledge sourcing and to extrapolate new knowledge from the basic guidelines and issues that have emerged. Where the knowledge seekers are highly expert, they will rely heavily on their own knowledge, with other sources simply validating or enriching that knowledge. Less experienced seekers will rely more heavily on external sources.

Think back to the customer marketing scheme mentioned in the previous section. The target population might be clarified, some approaches ruled out, and some broad principles confirmed. The abstraction of the various sources reduces the complexity of the factors to be considered, and enables the idea to be converted into outcomes using a sound framework.

The process of abstraction can take a long time- particularly if the knowledge involved is politically sensitive, complex or involves working through group consensus (such as a committee). Unfortunately, many organizations do not provide sufficient time to reflect and weigh the various sources before abstraction. Failure to carefully build

some clear frameworks to guide the knowledge creation process can lead to faulty reasoning and poor outcomes. Knowledge workers need to recognize the importance of reflection and consideration in the knowledge creation process.

Knowledge conversion

From abstract foundations, knowledge converts into various forms of useful applications that can be tested and shared with others. Knowledge conversion describes the phase during which the various ideas and principles are refined into a specific outcome. Knowledge can be either codified or embodied. Codified knowledge is knowledge that can be recorded and accessed by others as required. It can be developed into artifacts, such as models, equations and guidelines. Embodied knowledge is the tacit knowledge of the individuals. It can be shared through stories, metaphors, or personal advice as required. Embodied knowledge is more difficult to access without ongoing engagement with the knowledge creators.

Codified knowledge relating to the customer marketing scheme might be in the form of a marketing plan and implementation guidelines, whereas the embodied knowledge would be drawn from the guidance and insights of the project leaders and experts. Many organizations typically rely on both forms of knowledge conversion when creating new knowledge.

Knowledge diffusion

Knowledge diffusion is the spread of knowledge once it is codified or embodied. In organizational settings, diffusion can occur through communication media (ex. News-letters, the intranet, meetings, seminars or videos) modeling of new practices, and demonstrations or coaching in specialized procedures. The success of knowledge diffusion depends on the level of previous knowledge held by the audience and effectiveness of the channels available to share the knowledge. Diffusion occurs best when the recipients can understand and integrate insights into their own mental constructs. Embodied knowledge, which draws on significant expertise learning and experience may be harder to transfer to others.

Using the same example, the promotion of the new marketing scheme might be disseminated in various ways via the intranet, published guidelines and presentations relating to the scheme, and so on. The main goal is to share the knowledge with those who will most benefit. A forum for all staff in an organization, for example is of little value to those who are not directly involved in the new scheme.

Knowledge development and refinement

Knowledge is regularly reshaped and further tested through additional experience and feedback. This evolutionary process of knowledge development and refinement is one of the key features of knowledge management, ensuring the knowledge remains current and the key features of knowledge management. Ensuring the knowledge remains current and the key features of knowledge management, ensuring the knowledge remains current and useful. However, this also places more challenges on organizations that seek to capture and hold knowledge for use by others; such organizations need to ensure that the created knowledge is constantly reviewed and updated to reflect any new understanding that has been acquired. Consider the marketing scheme again. A pilot study of the scheme may reveal some significant issues relating to the created process. The pilot study thus generates new knowledge to be converted and diffused.

This five stage model of knowledge creation reflects a concern for careful judgement, accumulation of learning and testing of options.

5.5 KNOWLEDGE MANAGEMENT INFRASTRUCTURE

There are different approaches in defining the knowledge management infrastructure.

Lambe (2006, p.2) notes that knowledge and information infrastructure “mean all the things that combine to facilitate the flow of information and knowledge in support of the myriad tasks and actions and decisions that comprise organisational activity. Hence, information infrastructure does not just mean the technical IT infrastructure, although it includes that. It also encompasses human, social and organisational elements. Within your information infrastructure you will normally find information management policies, process and practice routines, standards, arrays of tools and resources that are visible to their users, conventions and assumptions, shared vocabulary and categories (eg taxonomies).”

Information and knowledge management infrastructure reflects the long-term foundations for information and knowledge management. In an organizational context, the infrastructure includes five major components:

- ◆ organization culture
- ◆ organization structure
- ◆ organisation’s information technology infrastructure

- ◆ common knowledge, and
- ◆ physical environment (**Becerra-Fernandez and Sabherwal, 2010**).

Organisation culture

Organizational culture is widely accepted as a key influence on the success of information and knowledge management. The concept of organizational culture has generated a large amount of literature. There are many debate and discussions among organisational culture theorists, social anthropologists, social-psychologists and various practitioners what the organizational culture is. However, it is believed that organizational culture can foster innovation, flexibility and competitive advantage and therefore is essential for organizational success. The concept of ‘organisational culture’ emerged as a widely accepted, discussed and used instrument of analysis in the 1980s. **Ambrect et al. (2001)** note that **organization culture** reflects the norms and beliefs that guide the behaviour of the organization’s members. It is an important enabler of knowledge management in organizations. Attributes of enabling organizational culture include understanding the value of knowledge management practices, managing support for knowledge management at all levels, incentives that reward knowledge sharing, and encouragement of interaction for the creation and sharing of knowledge.

Dalkir (2005, p209) offers some recommendations for bringing about the cultural change needed for knowledge management to succeed:

- Clearly define desired cultural outcomes
- Assess the current cultural state
- Diagnose the existing culture with respect to desired knowledge-sharing behaviors
- Assess tolerance to change
- Identify change enablers and barriers
- Assess the maturity level of knowledge management within the organization
- Identify knowledge management enablers and barriers
- Conduct a gap analysis to draw a map on how to get from where the organization is currently to where it would like to be culturally.

Organisation Structure

Knowledge management also depends to a considerable extent on the **organisation structure**. Organizational structure determines the manner and extent to which roles,

power, and responsibilities are delegated, controlled, and coordinated, and how information flows between levels of management. The most common organisation structures are: hierarchical, centralised and decentralised, flat and tall. A traditional hierarchical structure of the organization defines each employee's role within the organisation and greatly affects with whom each individual mainly and frequently interacts, and share knowledge. Reporting relationships in those organisations influence the flow of data and information as well as the nature of groups who make decisions together, and consequently affect the sharing and creation of knowledge. The most important decisions in organizations with a traditional hierarchical structure are usually taken by senior management. In a decentralized structure, the decision making power is distributed and the departments and divisions have varying degrees of autonomy.

Organizational structures can facilitate knowledge management through communities of practice. A community of practice is an organic and self-organized group of individuals who are dispersed geographically or organizationally but communicate regularly to discuss issues of mutual interest (Lave and Wenger, 1991). Communities of practice provide access to a larger group of individuals than possible within traditional departmental boundaries. Communities of practice also provide access to external knowledge sources. Communities of practice benefit considerably from emergent information technologies, including blogs and social networking technologies.

Information Technology Infrastructure

Knowledge management is also facilitated by the organization's Information Technology Infrastructure. Although certain information technologies and systems are directly developed to pursue knowledge management, the organization's overall Information Technology Infrastructure, developed to support the organization's information systems needs, also facilitates knowledge management. The Information Technology Infrastructure is the combination of data processing, storage and communication technologies and systems (databases, servers, computers, information devices etc) and the processes that make it all work. It comprises the entire spectrum of organization's information systems, including transaction processing systems and management information systems. It consists of databases and data warehouses, as well as enterprise resource planning systems.

Common Knowledge

Common Knowledge represents another important component of the infrastructure that enables knowledge management. It refers to the organization's

cumulative experiences in comprehending a category of knowledge and activities and the organizing principles that support communication and coordination (Zander and Kogut 1995, as cited in Becerra-Fernandez and Sabherwal, 2010). Common knowledge provides unity to the organization. It includes a common language and vocabulary, recognition of individual knowledge domains, common cognitive schema, shared norms, and elements of specialized knowledge that are common across individuals sharing knowledge (Grant, 1996; Nahapiet and Ghoshal, 1998, as cited in Becerra-Fernandez and Sabherwal, 2010). Common knowledge helps enhance the value of an individual expert’s knowledge by integrating it with the knowledge of others.

The physical environment

The physical environment within the organization is often taken for granted, but it is another important foundation upon which knowledge management rests. Key aspects of the physical environment include: the design of buildings and the separation between them; the location, size, and type of offices; the type, number, and nature of meeting rooms, and so on. Physical environment can foster knowledge management by providing opportunities for employees to meet and share ideas. Coffee rooms, cafeterias, water coolers, and hallways do provide venues where employees learn from and share insights with each other.

5.6 NOTES

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5.7 SUMMARY

The review of existing knowledge management models has seen a wide spectrum of perspectives. Knowledge management has been seen from the categorical view in which knowledge are categorized into discrete elements as seen in Boisot, Nonaka and Nonaka Hedlund's models to the more complicated and complex perspective of knowledge that is mechanistic and socially constructed orientation. Moreover, these knowledge management models have made reference to: first, the process of managing the flow knowledge; second, categorization models are mechanistic; third, the intellectual capital model assumed that intellectual capital are vital assets in organization and should be manage efficiently for firm's success; fourth, Demerest's model is intrinsically linked with the social and learning process within organizations; fifth, Frid's model suggests that knowledge should be managed systematically and of equal emphasis at all knowledge management process levels; sixth, Stankosky and Baldanza's knowledge management framework emphasized that leadership, organization structure, technology infrastructure and learning are important foundations for knowledge management in an organization; finally, Kogut and Zander's model focused on the strategic importance of knowledge as a source of competitive advantage. Indeed, these perspectives have indicated that knowledge management models have evolved. Even though knowledge management models have evolved from time to time, basically the models provide a way of translating managerial activities and guiding managerial efforts in managing knowledge in the organizations. Nonetheless, the models have its own way of placing the major knowledge management activities and enablers with the aim to produce a dynamic system to reinforce the organization's core competencies. Meanwhile, the knowledge management process as described in the models are the action steps the organization uses to identify it needs and the manner in which it collects, adapts and transfers that information across the organization. Through the knowledge management process, the models can be used to foster the development of organization knowledge and enhance the organizational impact of individuals throughout the organizations.

5.8 KEY WORDS

Knowledge workers,

Knowledge development,

Knowledge management infrastructure

5.9 CASE STUDY

Infosys' Knowledge Management Initiatives

The knowledge management (KM) practices of Infosys Technologies, one of the leading software companies based in India. Infosys was inducted into the Global Most Admired Knowledge Enterprises (MAKE) Hall of Fame in the year 2005 due to its innovative KM initiatives. Since its inception, Infosys gave importance to learning in the organization. Its efforts to assimilate and distribute knowledge within the company began with the establishment of Education and Research Department in the year 1991. The department began gathering content and knowledge that was available within the organization and the scope of the department grew with the launch of intranet A fully fledged KM program began in 1999 with the launch of Kshop. Through Kshop, knowledge generated in each project across the global operations of Infosys was captured. The case also highlights the benefits reaped by Infosys using KM in its day to day operations.

Background Note

Infosys was incorporated as Infosys Consultants Private Limited on July 02, 1981 by a group of seven professionals. From the beginning, Infosys relied heavily on overseas business. One of the founders, Narayana Murthy (Murthy) stayed in India, while the others went to the US to carry out onsite programming for corporate clients...

The Launch of Kshop

All the efforts to manage knowledge at Infosys evolved into a full-fledged KM program by late 1999. The mission of KM efforts at Infosys was 'to ensure that all organizational learning is leveraged in delivering business advantage to the customer'...

Improving the Functions of Kshop

One of the consequences of the success of the KCUs was information overload. This made it difficult for employees to obtain the required information. This sent them back to their informal networks to retrieve the documents quickly...

Knowledge Creation and Sharing

Almost all the projects that Infosys undertook were broken down into onsite and offshore components. In the initial stages of the project, activities like planning and design took place at the client's location...

Using Advanced KM Systems

By 2005, Infosys had highly sophisticated KM systems in place. Uniformity of data was maintained across the DCs of Infosys worldwide. All the centers could access real time data. The centralized KM system in Infosys was accessible to all Infosys employees, from any of its DCs..

The Road Ahead

According to an internal survey on a sample of 2,700 employees conducted in Infosys in 2003, 80% of the projects managers believed that the performance of their team, including quality of work and productivity improved as a result of KM systems...

Questions:

1. Study the implementation of KM initiatives in a large IT organization.
2. Examine the importance of organizational culture in successful implementation of KM initiatives.
3. Evaluate different service and industry practices in software industry.
4. Understand the role played by top management in the KM efforts of a company.
5. Appreciate the need for developing intellectual capital for an organization.

5.9 SELF-ASSESSMENT QUESTIONS

1. Explain the various models of knowledge management.
2. What are the features of knowledge workers?
3. Outline the type of work knowledge workers do.
4. Discuss the five phases of knowledge development.
5. Explain the elements of knowledge management infrastructure and its effectiveness in supporting a knowledge environment.

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UNIT - 6 : STRATEGIC FRAMEWORK OF KNOWLEDGE MANAGEMENT

Structure :

- 6.0 Objectives
- 6.1 Introduction
- 6.2 Harnessing Organisational Knowledge
- 6.3 Strategic Knowledge Management
- 6.4 Building Knowledge Management into the Strategic Framework
- 6.5 Notes
- 6.6 Summary
- 6.7 Key Words
- 6.8 Self - Assessment Questions
- 6.9 References

6.0 OBJECTIVES

After studying this unit, you should be able to:

- Overview some of the problems that arise in meeting the challenges of effectively using knowledge by organisations.
- Discuss the effectiveness of organisational knowledge transference methods
- Comprehend the five Ps of knowledge management at work.
- Identify the key issues in integrating strategic knowledge management infrastructure into work practices.

6.1 INTRODUCTION

Definition of organizational knowledge is yet another concept that has very little consensus within literature. Variations include the extent to which the knowledge is spread within the organization, as well as the actual make-up of this knowledge. Hatch (2010) defines it as: “When group knowledge from several subunits or groups is combined and used to create new knowledge, the resulting tacit and explicit knowledge can be called organizational knowledge.” Others present a broader perspective: “individual knowledge, shared knowledge, and objectified knowledge are different aspects or views of organizational knowledge”.

6.2 HARNESSING ORGANISATIONAL KNOWLEDGE

Organizational knowledge is defined as: all the knowledge resources within an organization that can be realistically tapped by that organization. It can therefore reside in individuals and groups, or exist at the organizational level.

Business knowledge can exist on several different levels:

Individual:

Personal, often tacit knowledge/know-how of some sort. It can also be explicit, but it must be individual in nature, e.g. a private notebook.

Groups/community:

Knowledge held in groups but not shared with the rest of the organization. Companies usually consist of communities (most often informally created) which are linked together by common practice. These communities of practice (Lave & Wenger 1991) may share common values, language, procedures, know-how, etc. They are a source of learning and a repository for tacit, explicit, and embedded knowledge.

Structural:

Embedded knowledge found in processes, culture, etc. This may be understood by many or very few members of the organization. E.g. the knowledge embedded in the routines used by the army may not be known by the soldiers who follow these routines. At times, structural knowledge may be the remnant of past, otherwise long forgotten lessons, where the knowledge of this lesson exists exclusively in the process itself.

Challenges in managing organizational knowledge

Knowledge-Based Organizations have identified a number of important roadblocks that organizations typically face when implementing knowledge management programs such as failure to align knowledge management efforts with the organization's strategic objectives, creation of repositories without addressing the need to manage content, failure to understand and connect knowledge management into individuals' daily work activities, an overemphasis on formal learning efforts as a mechanism for sharing knowledge and focusing knowledge management efforts only within organizational boundaries. Although these are not meant to be an exhaustive list, they represent issues that can hinder the effectiveness of a knowledge management effort, costing organizations time, money, resources and—perhaps, most importantly—their ability to affect meaningful business results. Whether starting a new knowledge management effort, or reviewing projects, some of the common pitfalls are:

- ◆ Failure to align knowledge management efforts with the organization's strategic objectives:

Successful knowledge management programs often begin by addressing a critical business problem facing the company. However, many firms fail to align their knowledge efforts with their most pressing business issues. When this occurs, significant time and effort is spent on projects that have minimal impact, while key needs are not addressed or are completely overlooked. For example, a manufacturing company started a number of knowledge-related initiatives, but failed to align these efforts with their most critical business objective: the integration of a newly acquired subsidiary. Unfamiliar with the expertise and skills within the recently purchased company, the manufacturer lost an important contract that it should have easily won had it used the combined knowledge of both firms. Hence, a major opportunity was lost because the firm's knowledge management efforts were not aligned with the organization's strategic goals.

- ◆ Creation of repositories without addressing the need to manage content:

In many knowledge management efforts, a significant amount of attention is placed on implementing repositories: technologies designed to capture and store structured, or written knowledge. These repositories can range from shared file systems to fully implemented intranet sites. Although these technologies can, and do, play a crucial role in helping store and retrieve documents, installing these systems without addressing the related cultural and content management issues can result in a host of problems. For example, a consumer-products company recently created a vast array of databases to enable its employees to share critical customer knowledge. The company placed a strong emphasis on collecting every possible relevant document into the system. Soon, it was overloaded with old, outdated customer reports, transaction analysis and contracts. After surveying employees on the value of the new system, they learned that the organization could no better locate and tap into the knowledge that it needed than it could before the new system was introduced. The time and money spent on trying to capture this knowledge provided little, if any, return.

This company learned the hard way that creating successful repositories is much more than simply implementing technology. Firms that have effectively used these types of systems recognize the need for human intervention in identifying relevant information, soliciting content from practitioners, updating these spaces on a regular basis and culling materials that are no longer helpful or relevant. Although software can be useful in cataloguing and searching through documents, the Institute's research has found that the ultimate success of these systems is determined by the firm's ability to develop processes and dedicate financial and human resources to keeping the materials relevant and accessible.

- ◆ Failure to understand & connect knowledge management into individual's daily work activities:

A common mistake in many organizations is to implement a "one-size-fits-all" knowledge management solution without understanding the unique needs of various user groups. For example, a large financial services company provided a series of desktop tools and repositories to its financial planners without spending the time to understand how these planners worked with clients and whether the content was relevant to their particular tasks. Later, it was found that these financial planners—who often work side-by-side with their clients—found it cumbersome to access and search across multiple technologies. Quickly, the tools fell into disuse. Our experience has shown that successful companies spend a significant amount of time understanding how work gets

done, the knowledge requirements of individuals who are actually doing the work and the business environments in which these employees operate.

◆ An overemphasis on formal learning efforts as a mechanism for sharing knowledge:

Many organizations have invested heavily in formal learning efforts, such as classroom and online training. Although some of this training may be useful, recent studies have shown that over 70 percent of actual learning is accomplished through informal channels.

A couple of common methods to counteract this situation are:

- Communities of practice
- Mentoring programs.

Successful companies recognize that significant learning occurs when employees attempt to jointly solve problems on a day-to-day basis. One way that organizations have fostered informal learning is by using and supporting communities of practice, or informal groups of employees who have a common way of working. These communities bring individuals together to ask questions, share documents and tools, and provide a forum where practitioners can tap into the experiences of others.

For example, the IBM Institute for Knowledge-Based Organizations examined a community that was focused on enabling software developers working on similar projects to share tips and tools that could be used to more rapidly solve customer issues. This community sponsored face-to-face meetings and actively managed a Web site where individuals posted questions and answers to difficult problems. By reaching out to others in the community, developers were able to more quickly address their day-to-day work problems and reduce the amount of time they spent reinventing work done somewhere else in the company.

Another technique that companies have used to share informal knowledge is mentoring programs. These efforts—although not necessarily new in many organizations—play an important role in helping transfer the tacit knowledge associated with operating in a complex environment. Research has shown that mentoring programs not only help junior employees better understand informal organizational rules and guidelines, but can also increase the job satisfaction of senior employees who can be recognized for their experience and insights.

◆ Focusing knowledge management efforts only within organizational boundaries:

Most organizations begin with internal knowledge-management efforts designed to share knowledge between employees and across the organization. Although these efforts are often valuable, many organizations stop here and don't consider the potential business opportunities associated with sharing knowledge with suppliers and customers. The Institute's research has discovered that knowledge management programs that focus on the extended enterprise often provide additional avenues for cost savings, revenue enhancement and customer retention.

For example, organizations such as Hallmark, SAP and Hewlett-Packard have begun to focus their knowledge efforts on building communities of customers. Through engaging customers in both online and face-to-face environments, these firms have begun to gain important insights into how customers use their products and services. These companies have also begun to use these insights about customers to create new products and provide better support for existing ones.

6.3 STRATEGIC KNOWLEDGE MANAGEMENT

Strategic knowledge management deals with long-term knowledge management strategy. Strategic investments represent the company's choices/options so as to enable and enhance the processes outlined earlier (e.g. knowledge sharing) and to offer help define which knowledge is relevant (i.e. in line with strategic objectives) and which is not.

The strategic part of the integrated knowledge management model includes:

- Knowledge management strategic initiatives:
- Invest: Support of existing structures, competencies, Implement changes to structures, knowledge retention mechanisms, culture, external network, and knowledge management systems
- Divest: Remove obsolete knowledge

Managing Organizational Structures

This discussion deals with the physical and non-physical divisions and barriers that influence the way knowledge management (KM) operate. "Organizational structure", is referred to the layout of the company itself and also to the various bodies that exist within it.

It is important to note that many elements within this topic stretch well outside our focus, and volumes could be written on it alone. The focus here will be only on the general elements that are directly related to KM.

Types of Organizational Structures

Organizational structures deal with the way the firm is organized, and the way people relate to one another. Broadly speaking, there are two types of organizational structure, namely formal and informal. These two concepts are not independent, and the formal structure may greatly influence informal networks, both positively and negatively.

Formal: The official structure of the organization, which is normally displayed on an organizational chart, and which denotes the hierarchical relationships between members of the firm. It is beyond the scope of this site to offer a discussion on the various formal organizational structures. However, there are a few things that are relevant to KM:

1. The formal organizational structure must not be so rigidly enforced so as to stifle informal structures such as communities of practice, where knowledge sharing and creation may take place. It is the knowledge manager's job to understand the knowledge dynamics of the organization and to recognize how the formal and informal structures coexist.
2. The formal organizational structure, particularly in a larger firm with separate departments, will impact knowledge flows. There is no set structure that is best, since most have advantages and disadvantages depending upon the business type, firm size, etc. However, studies seem to indicate that flatter, decentralized structures are more effective for KM (Choi & Lee 2000, Claver-Cortés et al 2007, Chen & Huang 2007). This also makes sense logically, since knowledge flows would be less hindered in such a structure.

Implementing changes to formal structures can thus mean restructuring the organization, but it can also mean enforcing existing structures to a lesser or greater degree.

Informal: The unofficial organizational structures are the ones that are created through informal networks, as a result of working within the organization. They represent the way people actually interact. Brown and Duguid (1992) advocated looking at the firm as a community of communities. Increasingly, the value of these informal structures is being understood, and the knowledge manager must learn to identify and support these networks. This process is closely related to KM, since knowledge flows and repositories (particularly tacit) are dependent upon these structures. KM therefore must play a central

role in their management, including identification of the structures and the knowledge they hold, implementing changes, bridging gaps between communities, and so on. Unfortunately, implementing changes to informal social networks is difficult without running the risk of disrupting them. There are however several ways that managers can influence social networks:

- Generalists (sometimes referred to as gatekeepers) can be used to identify communities and their expert know-how, and to help coordinate activities such as cross-functional projects.
- Project teams and other teamwork can serve as a means to bridge the gap between communities.
- Common physical meeting areas can allow communities to grow and flourish.
- Virtual socialization and people finders can support communities of practice.
- Common vision, goals, ideals, social gatherings etc. and a climate of trust can serve as a way to lessen the distance between organizational members and communities.

Organizational Culture Change

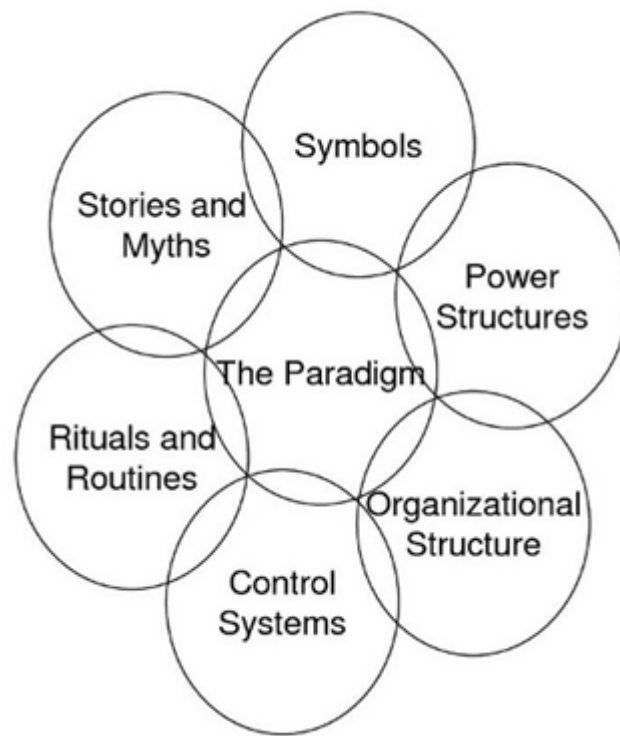
The concept of organizational culture has already been discussed in a previous subsection and hence focus is almost exclusively on organizational culture change.

Organizational culture represents the way things are done in an organization, encompassing the values, beliefs, and attitude that generate a common framework for interpreting events.

Knowledge sharing, and thus all aspects related to knowledge management (KM), depend upon organizational culture. Trust is a particularly important issue, since workers need to feel secure that they are not jeopardizing themselves by engaging in knowledge sharing. In order for proper cooperation to take place, management must create a culture where knowledge sharing is seen as beneficial for the individual as well as the organization. Managing organizational culture change is therefore at the very core of KM and organizational learning processes.

Defining and Mapping Organizational Culture

Johnson (2001) presents a model called the cultural web (see below), outlining the various components of organizational culture



The paradigm: The set of assumptions shared and taken for granted by the organization.

Rituals and Routines: These represent “the way we do things around here”. They point to what is valued, and include behaviors that are taken for granted as being correct.

Stories and myths: The organization’s folklore that passes on the common perception of past events, thus reinforcing beliefs and passing them on to newcomers.

Symbols: All the symbolic elements of the firm, including titles and dress codes.

Control Systems: Systems that are designed to promote certain activities by rewarding correct behavior and monitoring performance.

Organization Structures: The formal structure of the organization, as explained in the subsection on organizational structures (though in this case it is considered solely in regards to its influence on culture).

Power structures: The more powerful groups are also most likely to be involved in shaping the paradigm. A big problem arises when “the main targets for change are also those who hold the power.” (Bali et al 2009).

Johnson (2001) advocates culture mapping according to this framework so as to assess the culture as a whole and be able to determine its compatibility with strategy

Managing Organizational Culture Change

Wellman (2009) presents a series of leadership roles that will help facilitate organizational culture change towards a knowledge friendly culture:

- ◆ Acknowledge the existence and influence of organizational culture: It must be brought into the open so people can see and understand how it affects activities
- ◆ Have a clear and persistent vision of what the culture should be and of what changes need to be applied: This vision must be understood by management at all levels and spread across the organization.
- ◆ Consciously manage culture: Wellman suggests the using health assessments and employee surveys to evaluate progress and direction. Expanding upon this, one might add the use of incentives (whatever is suitable within that particular organization) and of using managers as intermediaries between different cultures within the organization. Management must strive to create a culture where knowledge sharing is perceived as beneficial to the whole and also to the individual. In other words, through shared vision, incentives, etc. they must foster an atmosphere of trust to ensure that individuals have faith in the principle of reciprocity. They must also bridge cultural differences that exist between different communities and power structures within the organization.

Gardner presents a somewhat more concrete approach to organizational culture change. He states that it is dependent on redefining the assumptions that shape the common understanding, or in other words the paradigm. It thus involves introducing “anomalies” that present a reality that cannot be true under the old assumptions. As more and more anomalies are presented, people will eventually abandon old beliefs and frames of understanding and eventually be willing to adopt new ones.

No matter what, organizational culture change is a difficult process that is likely to meet significant resistance. Its stubbornness is due in part to the fact that it is history dependent, woven into everyday practice, and used as socializing mechanism for newcomers (Beitler 2005). However, as Beitler argues, despite all the hurdles, managing culture simply must be done.

Knowledge Retention

Knowledge retention involves capturing knowledge in the organization so that it can be used later. On organizational memory, Walsh and Ungson (1991) defined five knowledge repositories, namely individuals, culture, transformations (i.e. procedures &

formalized systems), structures (e.g. formal and informal networks), and external activities. This is where knowledge can exist or be retained in an organization.

A knowledge retention strategy as a part of knowledge management (KM) will identify the knowledge resources that are at risk and must be retained, and then implement specific initiatives so as to keep these resources in the firm. Like most other KM-related processes and strategies, success depends upon successful knowledge sharing and having a knowledge sharing & learning organizational culture.

Apart from the more general knowledge sharing initiatives that a firm may use - e.g. support of formal & informal knowledge networks (social areas, social media, meetings, company functions, knowledge fairs, expertise locator, etc.), changing the organization culture, etc. - examples of tools & techniques which can be used specifically for knowledge retention include (adapted from Smith 2007, Liebowitz 2009, and Liebowitz 2011):

- Implementing reward structures to encourage sharing of key knowledge.
- Use of project teams and cross-functional project teams.
- After-action reviews.
- Storytelling.
- Mentoring programs & job shadowing.
- Interviews & exit interviews.
- Job rotation.
- Company procedures/processes manuals.
- Taking advantage of the knowledge of retirees

Knowledge Retention Strategy

Doan et al (2011) identify three basic questions that must be asked when considering knowledge retention:

1. What knowledge may be lost?
2. What are the organizational consequences of losing that knowledge?
3. What actions can be taken to retain that knowledge?

Expanding upon these questions, one can outline several concrete steps necessary in the formulation of a knowledge retention strategy:

1. Understanding your risk factor: Liebowitz (2011) identified
 - a. The average age of your employees is high
 - b. The company has placed insufficient focus on:
 - i. knowledge capture
 - ii. mentoring programs
 - iii. employee training and development
 - c. Information is difficult to find or is often misplaced.
 - d. There is little informal communication in the organization.
 - e. Many knowledgeable employees are leaving the organization.
2. Classifying your knowledge: Knowing the knowledge resources of the organization, including where they are and in what form they exist
3. Understanding which knowledge is most critical
4. **Understanding the pillars of knowledge retention (Liebowitz 2009 & 2011):** Knowledge retention consists of a wide range of tools, some easy and some hard to implement. Liebowitz identifies four categories which encompass all the initiatives within knowledge retention. These are:
 - a. **Recognition and reward structure:** Management has the choice to use either intrinsic motivators (i.e. which make the job itself more satisfying, such as praise or recognition) or extrinsic motivators (i.e. which offer benefits unrelated to the job, such as money) (Gamelgaard 2007). These must take organizational as well as national cultural factors into account (Gamelgaard 2007), but overall the most effective and longer lasting appear to be intrinsic motivators (Gamelgaard 2007 & Liebowitz 2009). However, a combination of both is usually the way to go.
 - b. **Bidirectional knowledge flow:** Establishing a two-way system of knowledge capture, where knowledge is not only passed down from the senior employee to the junior employee, but also vice versa.
 - c. **Personalization and codification:** Personalization refers to connecting people and includes tools such as mentoring, job rotation, knowledge fairs, communities, and so on, while codification includes tools like after action reviews, various knowledge repositories, lessons learned systems, etc. (Liebowitz 2009).

- d. **The golden gem:** Bringing back important retirees in various capacities. This includes rehire programs, consultancy, part-time work, temporary jobs, etc. (Corporate Executive Board 2005). Using a phased retirement system (e.g. leave of absence – part time work – casual rehire) can also help to slowly lose a key employee and to gradually transfer all his key knowledge to the organization (Corporate Executive Board 2005).
- 5. **Understanding the success factors:** Doan et al (2011), following a comprehensive review of knowledge retention literature, arrive at the following key success factors:
 - a. Top management support
 - b. Knowledge retention strategy
 - c. Learning culture
 - d. Human resource practices (since knowledge resides in people, knowledge retention is closely linked to HR practices including recruitment, education, rewards, and performance management)
 - e. Information and communication technology tools

Manage Core Competencies

The knowledge management definition presented earlier, involved the reuse and creation of relevant knowledge. The word relevant links knowledge management (KM) to the concept of organizational core competencies.

Core competencies:

Definitions vary greatly. The term was originally coined by Prahalad and Hamel (1990) who defined it as “the collective learning of the organization, especially how to coordinate different production skills and integrate multiple streams of technologies”. Since then it has been defined in multiple ways, but very generally, core competencies refer to the firm’s primary expertise, which is a source of sustained competitive advantage. Arriving at a more precise definition is not necessary for our purpose here. Suffice it to say, that these are key capabilities, which, from the resource-based perspective of the firm, are the primary drivers of innovation and competitive advantage.

Core competencies thus have a large knowledge component, and managing them is, in the very least, a product of corporate strategy working with KM and innovation management. This simplified model has strategy dictating the overall direction, KM managing the knowledge dynamics, and innovation management turning core

competencies into profitable core products. To understand the role of KM let us look at a brief overview of how core competencies are managed:

◆ **Identifying and assessing core competencies:**

The firm should map out its key competencies, possibly linking them directly to specific core products. Then, an evaluation must take place, assessing what one has vs. what one needs to have (as determined by strategy and the competitive environment). KM is responsible for identifying where the key knowledge is located, including the tacit expertise and knowledge embedded in products, routines, etc, as well as identifying knowledge gaps.

◆ **Sustaining core competencies:**

Organizational core competencies, like all knowledge assets, have the virtue of improving rather than depreciating through use. Conversely, lack of use will lead to erosion of any skill set. The role of KM here is twofold, on the one hand, it must keep stock of the state of key knowledge assets and, on the other, it must leverage key knowledge assets across the organization.

◆ **Building core competencies:**

Building new core competencies involves an interplay between knowledge, practice, coordination, and refinement. Knowledge assets must be built, enhanced, combined, and coordinated in an environment that supports experimentation and improvement. Building core competencies can be a complicated endeavor since sustained competitive advantage is derived from assets that are hard to imitate (Dierickx and Cool 1989). From a KM perspective, this implies the buildup of specific tacit knowledge and expertise (i.e. uncodified knowledge that is generally more valuable, and inherently more difficult to copy and transfer), often across multiple departments or functions.

◆ **Unlearning core competencies:**

Organizations have a habit of trying to keep doing what they have always been doing. Unlearning a competency when it is no longer useful is one of the key aspects of a successful firm, and history is riddled with examples of companies that have failed to do so. In the process of unlearning, KM again plays an important role by identifying and managing the firm's knowledge assets in the right direction. This may be done through re-training, restructuring, creating new knowledge flows, external knowledge acquisition, outright removal, etc.

The specific dynamics of the processes of knowledge creation, knowledge acquisition, knowledge sharing, and knowledge reuse, which are central to the management of core competencies, have been discussed earlier. The purpose of this section is to emphasize that KM is not just a collection of individual initiatives. The buildup of skills and competencies, involving the coordination of multiple KM disciplines with other organizational functions, must often be managed according to long-term strategic goals and coordinated across the organization.

Managing the External Knowledge Network

The general steps for extending the external knowledge network are as follows:

- ◆ **Identification of potential partner/target:**

This would depend largely on the corporate strategic goals assessed against the perceived benefit of the potential partners.

- ◆ **Evaluation of potential partner/target:**

This process is particularly important for high investment ventures like mergers and acquisitions or joint ventures. The process would be driven by the estimated contribution of the target (this includes knowledge and core competencies but also potentially other assets), the estimated cost of establishing the relationship, and the estimated cost of acquiring similar knowledge from other sources (including building it in-house). The word “estimated” plays a key role here, since the information required to make accurate decisions is often hard to come by

- ◆ **Establishing the relationship/acquisition of target:**

The process of actually establishing cooperation/acquisition. For customer, supplier, or competitor relationships this may involve setting up procedures, rules, and intentions regarding the nature of the relationship and the things that will be reported or shared. For mergers and acquisitions it could take any number of forms and may include defining a new structure, integration into a common locale, merging corporate cultures/identities, and so on.

- ◆ **Knowledge transferral/integration:**

The actual processes that are put in place to gather and use the knowledge and know-how from the relationship/acquisition. These may involve reporting procedures, feedback mechanisms, common IT systems, common projects etc.

The role of KM in building the external knowledge network would thus be to:

◆ **Provide all the relevant information regarding internal knowledge assets:**

This includes identifying what the firm has, what it does not have, and the costs associated with building new knowledge.

◆ **Help in the evaluation process:**

Help evaluate the potential value and difficulty to integrate of the knowledge that the firm expects to acquire.

◆ **Encourage knowledge sharing & integration:**

On the one hand it could involve working with top management so as to devise the best procedures and systems relating to knowledge transfer. On the other, it could involve introducing incentives, systems, managing organizational culture change, etc. that facilitate, support, and encourage knowledge sharing.

◆ **Gather, integrate, and share relevant external knowledge and information:**

Managing the knowledge transfer process so as to ensure that the knowledge is relevant and that it is available whenever and wherever necessary. Analysis of data and information so as to provide the building blocks of new knowledge.

As one can see, KM plays a supporting role in all areas and is instrumental in the learning process. Its importance will be greater the more knowledge intensive the industry and nature of the relationship.

Knowledge Management Systems

Knowledge management systems refer to any kind of IT system that stores and retrieves knowledge, improves collaboration, locates knowledge sources, mines repositories for hidden knowledge, captures and uses knowledge, or in some other way enhances the KM process

The vast majority of the systems that people will normally link directly to KM fall under the following categories (adapted from the work of Gupta and Sharma 2005, in Bali et al 2009):

- Groupware systems & KM 2.0
- The intranet and extranet
- Data warehousing, data mining, & OLAP
- Decision Support Systems
- Content management systems

- Document management systems
- Artificial intelligence tools
- Simulation tools
- Semantic networks

According to Hecht et al. (2011) the process of successful implementation has three stages: adoption, acceptance, and assimilation. Based on recognized models and theories, the authors identified three comprehensive sets of factors affecting these three elements. The resulting model organized the KMS implementation factors into the following categories:

◆ **Adoption:**

- Influenced by design: Innovation characteristics, fit, expected results, communication characteristics.
- Not influenced by design: Environment, technological infrastructure, resources, organizational characteristics.

◆ **Acceptance**

- Influenced by design: Effort expectancy, performance expectancy.
- Not influenced by design: Social influences, attitude towards technology use.

◆ **Assimilation:**

- Influenced by design: social system characteristics, process characteristics.
- Not influenced by design: Management characteristics, institutional characteristics.

6.4 BUILDING KNOWLEDGE MANAGEMENT INTO THE STRATEGIC FRAMEWORK

Tactical Knowledge Management Best Practices:

◆ **Knowledge Sharing:**

Perhaps the most important process in KM, it plays a determinant role for both knowledge reuse and knowledge creation. The factors below summarize the key considerations with the exception of cultural issues, which are discussed further down.

- Explicit knowledge: Depends on articulation of needs, awareness of knowledge, access to knowledge, guidance in the knowledge sharing process, and completeness

of the knowledge sources (Bukowitz & Williams 1999). IT systems and content management are extremely important in this process.

- o Tacit (embodied) knowledge: This depends on socialization, particularly within informal networks. Culture is particularly important in this area. Tacit knowledge can rarely be effectively codified without losing the essence that makes it so valuable to begin with, so the focus should be on supporting work relationships. IT has a secondary supporting role in this context, primarily as an expert finder and as offering support in the socialization process (e.g. through groupware applications).
- o Embedded knowledge: Use of scenario planning, after action reviews, and management training (Gamble & Blackwell 2001). IT has a role in mapping, modeling, creating simulations, and as an embedded knowledge repository.

◆ **Knowledge Reuse:**

Involves three roles, the knowledge producer, intermediary, and consumer (Markus 2001), which are involved in creating, preparing, and actually reusing the knowledge. Two key elements here are culture and cost - particularly relating to tacit knowledge (where indexing the source rather than the knowledge itself is often more viable). Markus identifies four reuse situations:

- o Shared work producers
- o Shared work practitioners
- o Expert seeking novices
- o Miners of secondary knowledge

◆ **Knowledge Creation:** This process depends upon knowledge sharing (as defined above), collaboration, and access to relevant information and data. Cook and Brown (1999) suggest that knowledge creation is an interplay between knowledge and knowing, or in other words, putting knowledge into practice. The role of management in this process was identified as:

- o Enabling knowledge sharing: As above
- o Creating suitable work related environments: The focus here is on unstructured work environments where experimentation, trial and error, and theory in use are promoted. Self-organizing, semi- or fully-autonomous project teams are identified as one useful tool in this endeavor.
- o Providing access to collaborative IT systems:

Groupware applications can be used for this purpose. These must support and not interfere with the ideal work environment.

- o Providing access to relevant data and information: From information systems, data warehouses, data mining, etc. These can act as building blocks in the knowledge creation process.

- ◆ **Knowledge Acquisition:** The firm can acquire knowledge externally from customers, suppliers, competitors, partners, and mergers. The role of KM varies in each process (as does the type of available knowledge), but at its core its function is to establish the right channels to transfer relevant knowledge from existing partnerships into the firm, and to integrate this knowledge as best as possible. To do so, KM can use a wide range of tools including:

- o Common IT systems
- o Common projects
- o Interaction and socialization
- o Involvement of partners in certain organizational processes (e.g. design)
- o Cultural alignment (for mergers or joint ventures)
- o Setting up the right incentive systems
- o Identifying and protecting crucial knowledge assets: when such knowledge should not be shared with a partner

Strategic Knowledge Management Best Practices:

- ◆ **KM and Organizational Structures:** Two types were defined: formal and informal.

Formal structure: These will interfere with KM if very rigidly enforced. The choice of structure, and the physical division of the firm, will also affect knowledge flows. Studies seem to show that decentralized structures seem to be best for KM (Choi & Lee 2000, Claver-Cortés et al 2007, Chen & Huang 2007).

Informal structures: The firm should be perceived as a community consisting of a collection of communities (Brown & Duguid 1992). Management can affect these through the use of project teams, teamwork, social functions, etc.

- ◆ **KM and Organizational Culture Change:**

This must be recognized and managed carefully and deliberately. By introducing anomalies that challenge the accepted premises of organizational culture, management

can influence organizational members to abandon certain aspects in favor of others (Gardner 1997). Use of incentives and common vision and goals are also effective tools. One of the most important goals is to create a culture where knowledge sharing is perceived as beneficial rather than detrimental to the individual.

◆ **KM and Knowledge Retention:**

Knowledge retention is the part of KM that is concerned with making sure that important knowledge assets remain in the firm over time, e.g. when key employees leave the firm or retire. Formulating a knowledge retention strategy depends upon understanding which knowledge is important, which knowledge is at risk and what it takes to keep this knowledge in the organization. Depending upon its knowledge retention strategy a firm may choose to implement one of many initiatives and tools including reward structures, mentoring, interviews, and utilizing knowledge from retirees.

◆ **KM and Core Competencies:**

The management of core competencies consists of four processes: identifying, sustaining, building, and unlearning. KM plays a key supporting role throughout this process by: Identifying what the firm knows, and what its main expertise is, leveraging knowledge assets across the organization, building the right know-how and expertise to match strategic requirements and isolating and removing/changing obsolete knowledge.

◆ **KM and the External Network:**

As mentioned before, external knowledge sources include customers, suppliers, competitors, partners, mergers, etc. KM plays a role in the assessment of potential partners, by helping to determine what the organization knows, what it needs to know, and the best ways of getting that knowledge. It is also a key element during the cooperation process to ensure that the right knowledge is transferred and integrated into the organization.

◆ **KM and Knowledge Management Systems:**

This very ambiguous category of systems refers to most systems used in the sharing, discovery, and creation of knowledge. Failures are generally due to an over reliance on technology, a lack of understanding of the limitations of these systems, improper fit with organizational practices, lack of acceptance, etc. Proper implementation implies paying attention to:

Organizational fit: Carry out internal assessment of needs and work practices, cost-benefit analysis, etc.

Organizational acceptance: by involving the user in the design and implementation, through managerial, technical support, and product champions.

Continued use: A function of perceived attractiveness factors and content management (Gamble and Blackwell 2001).

6.5 NOTES

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6.6 SUMMARY

Understanding the different forms that knowledge can exist in, and thereby being able to distinguish between various types of knowledge, is an essential step for knowledge management

Within business and KM, the types of knowledge that are usually defined are explicit, tacit, and embedded knowledge. Explicit knowledge include - Document management, intelligence gathering, data mining, text mining etc. IT is useful/crucial in this respect. Tacit (embodied) knowledge includes - tools/practices such as knowledge surveys, questionnaires, individual interviews, group interviews, focus groups, network analysis, and observation. IT has a more limited and indirect role. Embedded knowledge includes - observation, analysis, reverse engineering, and modeling tools to identify knowledge stored within procedures, products, etc.

The enablers of knowledge management (KM) according to Botha et al (2008) are:

Culture: One which is supportive of knowledge management, and the processes it implies - particularly knowledge sharing.

Infrastructure: Support systems, teams, structures, and collaboration.

Measures: Developing a process and design for managing change.

Technology: Can offer great advantages in certain areas. Similarly, if misused, it can sabotage the KM process. Whether technology deserves its status as an enabler is debatable, but it is nonetheless important.

These aspects are what make KM possible. For instance, KM initiatives implemented in a company with a competitive culture that shuns knowledge sharing are doomed to fail from the start. Organizations that apply knowledge management tools and techniques have a real opportunity to impact bottom-line results. By avoiding the pitfalls that frequently befall knowledge management efforts, firms can more effectively apply their knowledge to reduce costs, better serve their customers and gain a distinct competitive advantage in the marketplace.

6.7 KEY WORDS

Capacity building, Knowledge creation, Knowledge sharing, Knowledge-acquisition, Data-mining.

6.8 SELF-ASSESSMENT QUESTIONS

- 1 Discuss the problems that arise in meeting the challenges of effectively using knowledge by organisations.
- 2 Discuss the effectiveness of organisational knowledge transference methods.
- 3 Explain the five Ps of strategic knowledge management at work.
- 4 Identify the key issues in integrating strategic knowledge management infrastructure into work practices.

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UNIT - 7 : ORGANISATIONAL CULTURE FOR KNOWLEDGE MANAGEMENT

Structure :

- 7.0 Objectives
- 7.1 Introduction
- 7.2 Factors Influencing Organisational Culture
- 7.3 Importance of Knowledge - Centered Culture
- 7.4 Knowledge Culture Facilitators
- 7.5 Knowledge Culture Enhancement Techniques
- 7.6 Notes
- 7.7 Summary
- 7.8 Key Words
- 7.9 Self-Assessment Questions
- 7.10 References

7.0 OBJECTIVES

After studying this unit, you should be able to;

- List the factors influencing organizational culture
- Explain the importance of knowledge-centered culture
- Examine the Role of Cooperation in Knowledge Management
- Discuss the Role of Organizational Culture in Knowledge Management
- Examine knowledge culture facilitators
- Comprehend knowledge culture enhancement techniques

7.1 INTRODUCTION

Organizational Culture is defined as the way in which members of an organization relate to each other, their work and the outside world in comparison to other organizations. It can enable or hinder an organization's strategy. Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization. Let's explore what elements make up an organization's culture.

Organizational culture is composed of seven characteristics that range in priority from high to low. Every organization has a distinct value for each of these characteristics, which, when combined, defines the organization's unique culture. Members of organizations make judgments on the value their organization places on these characteristics, and then adjust their behavior to match this perceived set of values. Let's examine each of these seven characteristics.

Characteristics of Organizational Culture

Innovation (Risk Orientation) - Companies with cultures that place a high value on innovation encourage their employees to take risks and innovate in the performance of their jobs. Companies with cultures that place a low value on innovation expect their employees to do their jobs the same way that they have been trained to do them, without looking for ways to improve their performance.

Attention to Detail (Precision Orientation) - This characteristic of organizational culture dictates the degree to which employees are expected to be accurate in their work. A culture that places a high value on attention to detail expects their employees to perform their work with precision. A culture that places a low value on this characteristic does not.

Emphasis on Outcome (Achievement Orientation) - Companies that focus on results, but not on the means, place a high emphasis on this value of organizational culture. A company that instructs its sales force to do whatever it takes to get sales orders has a culture that places a high value on the emphasis on outcome characteristic.

Emphasis on People (Fairness Orientation) - Companies that place a high value on this characteristic of organizational culture place a great deal of importance on how their decisions will affect the people in their organizations. For these companies, it is important to treat their employees with respect and dignity.

Teamwork (Collaboration Orientation) - Companies that organize work activities around teams instead of individuals place a high value on this characteristic of organizational culture. People who work for these types of companies tend to have a positive relationship with their co-workers and managers.

Aggressiveness (Competitive Orientation) - This characteristic of organizational culture dictates whether group members are expected to be assertive or easygoing when dealing with companies they compete with in the marketplace. Companies with an aggressive culture place a high value on competitiveness and outperforming the competition at all costs.

Stability (Rule Orientation) - A company whose culture places a high value on stability are rule-oriented, predictable, and bureaucratic in nature. These types of companies typically provide consistent and predictable levels of output and operate best in non-changing market conditions.

7.2 FACTORS INFLUENCING ORGANISATIONAL CULTURE

Organisational culture is a complex issue. Leaders who develop mature work systems and model constructive behaviour around the key factors will find that organisational culture becomes a much simpler issue to understand and master. There are several factors Influencing Culture of an Organisation such as Influence of the founders, Size & development stage of the business (e.g. start-up, multisite, multinational), Leadership & management style, Organisational structure, policies &

practices, Employee & management reward structures (e.g. pay, bonuses, individual & team rewards), Market / industries in which it operates, Working environment & nature of tasks (e.g. physical, office, remote working, flexible working), External environment (e.g. legal, economic, social), Attitude of organisation to risk-taking & innovation, Sector: e.g. service, manufacturing.

The first and the foremost factor affecting culture is the individual working with the organization. The employees in their own way contribute to the culture of the workplace. The attitudes, mentalities, interests, perception and even the thought process of the employees affect the organization culture. For example - Organizations which hire individuals from army or defence background tend to follow a strict culture where all the employees abide by the set guidelines and policies. The employees are hardly late to work. It is the mindset of the employees which forms the culture of the place. Organizations with majority of youngsters encourage healthy competition at the workplace and employees are always on the toes to perform better than the fellow workers. Likewise, Individuals working with government organizations adhere to the set guidelines but do not follow a procedure of feedback thus forming its culture. Fast paced industries like advertising, event management companies expect the employees to be attentive, aggressive and hyper active.

Attitude of top Management: As we know top management run the business and manage the organization based on certain set of values, philosophy, and policy. Their attitude and policies are getting reflected in the decisions they take and systems and procedure, rules and regulations set for the employees.

Socialization of the organization: It is the procedure of new employee familiar with the culture of organization. At the Entry phase every new employee has their own values, belief and attitudes. Initially they may not match with organizational culture. Then comes a phase where there is a struggle as organization culture and individual employee culture enter into conflicts. The next phase is one of change. It is here that the employees try to change and modify their culture to match with organization culture.

Adherence of important values: if organization has good values in its policy, such as, social welfare, human upliftment etc. then employee in that organization also develop that kind of values and put in their best by strictly following rules and regulations.

Selection and placement of employee: Employee should be selected based on qualifications as well as by examining their values, belief and attitudes.

Performance evaluation and rewards: if employee efforts are properly evaluated and then suitably rewarded then good conductive culture can prevail in the organization.

There are several factors which affect the organization culture:

The nature of the business: Stock broking industries, financial services, banking industry are all dependent on external factors like demand and supply, market cap, earning per share and so on. When the market crashes, these industries have no other option than to terminate the employees and eventually affect the culture of the place. Market fluctuations lead to unrest, tensions and severely demotivate the individuals. The management also feels helpless when circumstances can be controlled by none. Individuals are unsure about their career as well as growth in such organizations.

Goals and objectives: The strategies and procedures designed to achieve the targets of the organization also contribute to its culture.

The clients and the external parties: Organizations catering to UK and US Clients have no other option but to work in shifts to match their timings, thus forming the culture.

The management and its style of handling the employees: There are certain organizations where the management allows the employees to take their own decisions and let them participate in strategy making. In such a culture, employees get attached to their management and look forward to a long term association with the organization. The management must respect the employees to avoid a culture where the employees just work for money and nothing else. They treat the organization as a mere source of earning money and look for a change in a short span of time.

Recognition and Promotion: Recognizing good and exceptional performance and achievement of the employees and then rewarding them through proper promotions.

7.3 IMPORTANCE OF KNOWLEDGE-CENTERED CULTURE

Within the context of knowledge management, research identifies the antecedents of a knowledge-centered culture-those organizational qualities that encourage knowledge creation and dissemination. Organizational climate, job characteristics, and organizational learning (in the form of cooperative learning theory) are linked to knowledge management to develop a theoretical model explaining the relationships among organizational climate, the level of cooperative learning that takes place between knowledge workers, and the resulting level of knowledge created and disseminated as measured by team performance and individual satisfaction levels.

With increased levels of competition in the marketplace, high costs associated with human resources, increases in employee transience, and shortages of qualified knowledge workers, organizations have actively pursued the notion of making more effective use of the knowledge and expertise, that is, the “intellectual capital,” that exists within their existing employee base (Alavi & Leidner, 2001; Davenport & Prusak, 1998; Grover & Davenport, 2001). Equally important, Hult, Ketchen, and Nichols (2002) contend that learning from lessons by extracting both successes and failures is an essential cultural element contributing to the emergence of firms’ strategic resources, specifically known as cultural competitiveness. For many organizations, this notion of managing knowledge as a corporate resource has been looked to as one of the few foundational weapons that promise to deliver sustainable distinctive competencies in the future. As Grover and Davenport point out, “knowledge management is rapidly becoming an integral business function for many organizations as they realize that competitiveness hinges on effective management of intellectual resources” (2001, p. 5). Even so, as the opening excerpt attests, leaders in the practice of knowledge management initiatives continue to struggle with how to develop a “climate of trust built on a culture that embraces and rewards knowledge-sharing in all its manifestations such as learning, mentoring, collaboration, sharing ideas and stories, etc.” (emphasis added). Coupled with this practical need is the reality that within the research on knowledge management, relatively little research has been conceptually or empirically conducted that seeks to identify what constitutes a knowledge-centered culture—which key organizational characteristics encourage and facilitate both the creation of knowledge (i.e., learning new things) and the dissemination of knowledge (i.e., skills transfer or teaching new things to others). On a related note, understanding when (and how) knowledge creation and dissemination is occurring has also thrown out challenges.

The Role of Organizational Culture in Knowledge Management

Organizational culture is believed to be the most significant input to effective knowledge management and organizational learning in that corporate culture determines values, beliefs, and work systems that could encourage or impede learning (knowledge creation) as well as knowledge sharing (e.g., Alavi & Leidner, 2001; Gold, Malhotra, & Segars, 2001; Leonard, 1995; Slater & Narver, 1995), and ultimately, decision making (Kettinger & Grover, 1995; Schein, 1985). Therefore, an organization’s culture should provide support and incentives as well as encourage knowledge-related activities by creating environments for knowledge exchange and accessibility. It is worth noting that knowledge management is a business practice, not a technology. That is, technology on

its own can't make knowledge management successful and, therefore, the most effective knowledge management strategies should aim at strengthening and developing organizational cultures, specifically knowledge-centered cultures or learning cultures (DeTienne & Jackson, 2001; Pitman, 1994). Furthermore, a learning culture has been viewed as evidence of an organization's competitiveness, which, in turn, serves as a strategic resource. Consequently, organizations should develop a learning culture in order to gain a competitive edge in their markets (Hult et al., 2002).

The Role of Cooperation in Knowledge Management

Learning and knowledge are inextricably linked in the knowledge management literature. For this research, we have focused on processes related to learning—in our case *cooperative* learning between knowledge workers—to better understand knowledge creation and knowledge transfer. Within the knowledge management literature, the distinction between explicit (formal, systematic, easily codified and communicated) and tacit (highly personal, context specific, difficult to codify and communicate) knowledge has been made (Nonaka, 1991). Nonaka (1991) proposes four basic modes for creating knowledge in any organization: socialization (from tacit to tacit), articulation (from tacit to explicit), combination (from explicit to explicit), and internalization (from explicit to tacit). The socialization mode of knowledge creation, defined as conversion of tacit knowledge to new tacit knowledge among individuals, is learned through observation, imitation, and practice whereby individuals share experience through face-to-face interaction. Nonaka and Takeuchi (1995) have stressed the importance of tacit knowledge and placed great emphasis on establishing conditions that encourage the exchange of tacit knowledge between individuals through a highly interactive social process and direct interaction in a collocated, face-to-face work environment (Cohen, 1998). As will be described later, cooperative learning describes such processes.

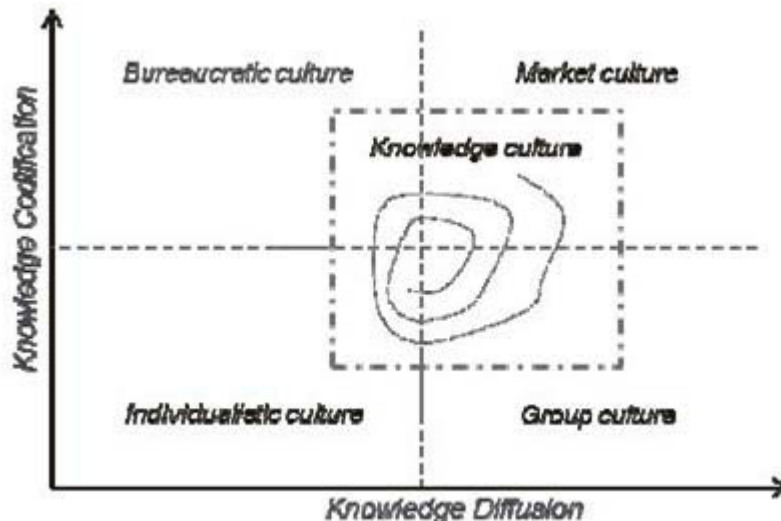
With regard to explicit versus tacit knowledge, Hansen, Nohria, and Tierney (1999) have classified an organization's primary approach to knowledge transfer into two distinct strategies: codification and personalization. The codification approach implies that learning is reliant on the utilization of knowledge databases and connecting people with reusable, codified knowledge (Bixler, 2002; Hansen, Nohria, & Tierney, 1999). In contrast, the personalization mode of knowledge transfer relies more on direct interaction between individuals in that the learning occurs through direct collaborative interaction with experts and peers in small groups of people (Bixler, 2002; Hansen et al., 1999; Kogut & Zander, 1992).

7.4 KNOWLEDGE CULTURE FACILITATORS

Knowledge culture is a form of organizational culture that combines elements of individualistic, group and macro-organisational cultures to facilitate a heedful management of the entire knowledge management process.

Knowledge culture is depicted in figure below. It is a hybrid culture category that combines elements of the four kinds of culture. This openness of knowledge culture is signified by the dashed borderline of the knowledge culture area and its placement across the four quadrants. Knowledge culture needs to use individual inventiveness but it should not depend just on personal knowledge. Through competition as a market principle, creativity can be further escalated. Knowledge culture also needs to regulate knowledge codification and diffusion of proprietary knowledge by bureaucratic means. Part of sharing practices can be left to free reign of market principles.

Figure below shows relative proportions of knowledge and organization kinds that may characterize knowledge culture in a “normal” state or equilibrium. But the domain of any piece of knowledge is rather dynamic, and therefore the mix of underlying cultures varies over time. This idea is represented by the spiral in Figure below.



Knowledge Culture

The adjective “heedful” in the definition above should signify vivid interest, preoccupation, and mindfulness. While knowledge culture must facilitate knowledge creation, it does not stop with it. New knowledge must be codified, validated and its representations stored (patents at 3M, problem solving at Accenture and Microsoft, design solutions at Honda, KWS at Accenture). A knowledge culture pushes further the

KM process. Accenture's consultants are expected to use knowledge at work and be able to determine its contribution to financial performance. And in the hypertext organization, knowledge is continually put in use via corporate culture and technologies, in which it is embedded.

Organizational cultures at companies leading in KM exhibit openness that engenders knowledge culture. Element of different culture categories are combined according to requirement of different steps in the KM process. Specifically, both individuals and groups play the key role in knowledge creation at 3M and Microsoft. Japanese companies emphasize group culture which facilitates sharing of tacit knowledge. As teams compete in generating new products (Japanese experience), aspects of market culture surface. Then advance in knowledge can be raised to the enterprise level by imposing codification standard – an aspect of bureaucratic culture that surface in the all examples of codification cited above. To ensure a broader diffusion of new knowledge, bureaucracy can again be instrumental in ensuring formal channels (as KWS). Also, market principles can help to match diffusion with real demand for new knowledge.

Another way of looking at knowledge culture is from the stance of process flexibility. Flexibility creates space for exploring new venues via ad hoc method (3M, Microsoft, Honda). This is important in individual and group context. A unique process of critical self examination may also be part of knowledge culture (Purser and Pasmore, 1992) as in Japanese companies. In contrast, raising knowledge to be macro-organizational (enterprise) level requires more formalized processes, as is codification and diffusion of knowledge via enterprise-wide KWS. Codification cannot be left to individual/group choices, thus making codification process more constrained. Similarly constrained are the access privileges and use procedures of a KWS

The assumption regarding the hybrid and dynamic character of knowledge culture are consistent with assumption of Nonaka and Takeuchi (1995) regarding the management of tacit and explicit knowledge. Moreover, these authors also used process logic, a four –quadrant knowledge spiral. But behind these similarities, there are essential difference between their KM framework and our model of knowledge culture. Their focus was on differentiating between tacit and explicit knowledge and explaining KM through dynamics of these aspects. In contrast our conceptualization is about a distinct organizational culture explained through the entire KM process and dimension of knowledge codification and diffusion and process flexibility. Concept of tacit and explicit knowledge is not our primary focus. Rather they are complements to notion knowledge codification and diffusion. Knowledge culture as discussed cannot be reduced to dynamics of tacit

and explicit knowledge. In sum the concept of knowledge culture uses research of Nonaka and Takeuchi (1985) but it builds more substantially on organization theory and also contributes new ideas.

7.5 KNOWLEDGE CULTURE ENHANCEMENT TECHNIQUES

A major goal of knowledge management is to encourage a knowledge culture: where everyone recognizes and accepts knowledge sharing as a desirable behavior. Knowledge management is strongly influenced by the culture which operates in an organization Cultural influences include: –Past patterns and history –Teamwork –Climate and morale –Information flows across the community –Supervision quality –Leadership & Workplace interactions

Effective Knowledge Cultures pre-supposes Open communication, it requires an attitude for encouraging knowledge sharing, tolerance to others views and ideas, collaborative working and trusting relationships. Further, embracing a philosophy that people are more important than systems, existence of public encouragement of knowledge sharing, advocacy and support for good knowledge practice apart from values adopted by all staff members are the pre-requisites for effective knowledge cultures.

Knowledge culture enablers include Enacted Core values, Opportunities to collaborate Encouragement to Collaboration, Mentorship Team behavior. Effective Communication and Interaction with colleagues, Interaction with special emphasis to quality of interaction and focus of interaction, Innovation, Adaptation, Learning orientation, Trust Sharing and valuing of knowledge. Other facilitators include Organizational Structural support, Transparent decision making, Information accessibility, Problem solving, Open communication channels and Sound human resource management.

Reviewing the Existing Knowledge Culture necessitates organizational diagnosis which examines existing organizational patterns, attitudes, processes and behaviors, draws on many sources of evidence and helps in clarifying issues which challenge effective change and development. Diagnosis focuses on Organizational context –Key people – Knowledge philosophy –Knowledge definition –Knowledge sharing –Knowledge cohesion –Knowledge conflict. Cultural evidence that support the diagnosis are the Knowledge sharing values and practices, Stories, Priorities, Experiences, Knowledge sources, Philosophy pertaining to Conflict, Competition, Collaboration, Structure, Messages, & Systems. Diagnostic approaches adopted are Surveys, Comparisons, Case studies, Focus groups interviews, Action research, Observation, Comparative outcomes, Trends analysis & Benchmarking.

Steps for planning for Knowledge Culture Enhancement are : Identify key goals to be achieved Identify key sponsors / main clients of the intervention, Identify the scope of the process , Identify major contributors, Gather background information, Review the existing organizational context / culture, Determine key developmental objectives, .Identify tasks and activities, .Identify potential contributors and assign roles and responsibilities, Plan for communication and marketing, .Plan for evaluation, Prepare timelines and commitments

Implementing Knowledge Culture Enhancement Programs requires Communicating the program intentions and ongoing progress, conducting Pilot test to accommodate difference, continuously encourage knowledge champions, share user success stories to build confidence and consolidate and promote awareness of the process and outcomes.

7.6 NOTES

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7.7 CASE STUDY

Knowledge Management Practices At Mckinsey & Company (Mckinsey).

The case describes the knowledge management practices at McKinsey & Company (McKinsey). Managing knowledge effectively is of prime importance especially for consultancies like McKinsey which depended heavily on knowledge for their existence and growth. The expertise McKinsey gained over the years was put into optimal use through knowledge management. Knowledge was spread in the firm through training sessions, seminars, workshops, sharing of the findings of the projects. The other KM efforts that McKinsey undertook included development of centers of competence, practice information system, practice development network and knowledge resource directory. The case examines how McKinsey promoted a culture of knowledge sharing within the firm

McKinsey was founded in 1926 by James O. McKinsey (James), who was a professor at the University of Chicago. The company was initially known as James O McKinsey & Company (JOMC).

At that time, the company termed itself as ‘management engineers,’ with the focus on improving the efficiency of the clients’ operations.

Marvin Bower (Bower) joined McKinsey in 1933, to manage its newly opened New York office. One of the first high profile projects that the company undertook was conducting a comprehensive analysis of the businesses of leading retailer Marshall Field and Company (Marshall Field) in 1934. JOMC was asked to analyze the reasons behind the company’s huge losses since 1931... Since its inception, McKinsey’s management had focused on capturing, managing, and disseminating knowledge across the company. In the year 1920, James published a book Principles of Accounting. In 1922, he published a textbook on budgetary control.

In the book, he expressed his view that accounting should essentially emphasize the understanding of the entire organization, and should serve as an integrating device to understand the problems...

McKinsey’s ‘one-firm’ culture helped in creating informal networks that facilitated knowledge sharing within the organization.

The company’s values also helped in the problem solving approach.

However, knowledge sharing was limited to the methodology, like solving problems and framing issues.

There was no specific attempt to use the learning from one assignment in the other.

Recruitment was given high importance in McKinsey. The company recruited graduates from top-tier business schools. Before a candidate was selected, he/she was interviewed six to eight times by the partners and principals.

The company recruited talented individuals capable of receiving and spreading knowledge through person-to-person knowledge sharing mechanisms that were present in the organization. At **McKinsey**, fresh management graduates joined as associates.

After two to three years, associates who performed well were promoted to the position of engagement manager. In **McKinsey**, the KM system evolved from the need to connect people effectively. The company generally dealt with high level management problems that were difficult to put across in standardized formats. Initially, most of the consultants in the company were not in favor of documenting the concepts, as many consultants were suspicious about reusing ideas...

Questions:

1. Evaluate the ways in which knowledge can be shared and disseminated in the organization.
2. Study the importance of culture in implementing KM successfully.
3. Examine the role played by the top management in promoting KM within a company.

7.7 SUMMARY

Organizational Cultures is the collective perceptions, beliefs and values of employees in the workplace. The culture is learned from stories, observations and experiences in the workplace. Strongly influence retention and productivity.

Characteristics of Organizational Culture are Innovation, Attention to Detail, Emphasis on Outcome, Emphasis on People, Teamwork, Aggressiveness, Stability. Factors Influencing Culture of an Organization are Leadership, Size & Stage of the business, Management style, Organizational structure, policies & practices, Reward structures, Market conditions, Working environment & nature of tasks, External environment, Attitude of organization to risk-taking & innovation etc. Knowledge management strategies should aim at strengthening and developing learning cultures which is an evidence of an organization's competitiveness and a strategic resource.

The quintessential elements for the development and sustenance of knowledge culture are core values, collaborative spirit, 360 degree communication, learning orientation, innovation, adaptation, and trust.

Knowledge cultures constantly evolve. The development of an effective knowledge community requires dedicated and ongoing support. Knowledge culture development is complex and links to many different organizational/work roles.

7.8 KEY WORDS

Learning, Mentoring, Collaboration, Innovation, Creation, Dissemination

7.9 SELF-ASSESSMENT QUESTIONS

1. List the factors that influence organizational culture.
 2. Explain the importance of knowledge-centered culture.
 3. Examine the Role of Cooperation in Knowledge Management
 4. Discuss the Role of Organizational Culture in Knowledge Management.
 5. Explain the role of knowledge culture facilitators in knowledge management.
 6. Discuss the knowledge culture enhancement techniques.
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UNIT-8 : KNOWLEDGE SHARING CULTURE

Structure :

- 8.0 Objectives
- 8.1 Introduction
- 8.2 A Knowledge Sharing Culture
- 8.3 Cultural Change in Organisations
- 8.4 Motivators and Inhibitors of Knowledge-Sharing Behaviour
- 8.5 Effective Knowledge-Sharing Practices
- 8.6 Notes
- 8.7 Summary
- 8.8 Key Words
- 8.9 Self - Assessment Questions
- 8.10 References

8.0 OBJECTIVES

After reading this unit, you will be able to;

- Differentiate the different categories of knowledge sharing culture
- Explain the cultural change in organizations
- Discuss the motivators and inhibitors of knowledge- sharing behavior
- Illustrate effective knowledge-sharing practices

8.1 INTRODUCTION

Knowledge sharing is an activity through which knowledge (namely, information, skills, or expertise) is exchanged among people, friends, families, communities or organizations. Organizations have recognized that knowledge constitutes a valuable intangible asset for creating and sustaining competitive advantages. Knowledge sharing activities are generally supported by knowledge management systems. However, technology constitutes only one of the many factors that affect the sharing of knowledge in organizations, such as organizational culture, trust, and incentives, The sharing of knowledge constitutes a major challenge in the field of knowledge management because some employees tend to resist sharing their knowledge with the rest of the organization.

8.2 A KNOWLEDGE-SHARING CULTURE

Today, knowledge-sharing is widely-held to be inherently necessary to the health of most enterprises. Research shows that a “willingness to share” is positively related to profitability and productivity and negatively related to labor cost (Jarvenpaa & Staples, 2000). Focus group members believed that knowledge-sharing is positively linked to growth and innovation, bottom line savings, increased customer satisfaction, increased shareholder value and learning.

Participants described a knowledge-sharing culture as one where people share openly, there is a willingness to teach and mentor others, where ideas can be freely challenged and where knowledge gained from other sources is used. Knowledge-sharing can occur through many different media: conversations, meetings, processes, best practices, data bases, and questioning. Ideally, participants stated, knowledge-sharing should be a corporate value which defines how work gets done and how everyone thinks. In short, a culture of knowledge-sharing goes deeper than superficial individual behaviors and captures the hearts and minds of the people in an organization. There is wide agreement

that most organizational cultures currently act as barrier to knowledge-sharing and need to change to become more supportive of it (Gupta & Govindarajan, 2000). There are four key reasons why culture is seen as being at the base of how well knowledge is shared (DeLong & Fahey, 2000):

1. Culture shapes people's assumptions about what knowledge is important.
2. Culture determines the relationship between levels of knowledge, i.e., what knowledge belongs to the organization and what to an individual.
3. Culture creates a context for social interaction about knowledge, e.g., what is sensitive, how much interaction or collaboration is desirable, which actions and behaviors are rewarded and punished.
4. Culture shapes the creation and adoption of new knowledge. Focus group members characterized the industrial age culture in which most of our organizations are steeped as being strongly antagonistic to knowledge-sharing. In this type of culture, knowledge is considered to be power, so information hoarding is the norm. Management operates on a need-to-know basis and actively promotes a culture of secrecy. The "not-invented-here" syndrome is rife and rewards are based on individual contributions. The challenge for today's leaders is therefore to evolve from such a culture to one which actively encourages and facilitates knowledge-sharing and discourages industrial age thinking and behaviors.

8.3 CULTURAL CHANGE IN ORGANIZATIONS

We know very little about how to effectively change an organization's culture and even less about how to promote a knowledge-sharing culture (Connelly, 2000; Kotter, 1996). We do know that cultural transformations take time and effort. Change is a process that must be measured in years, not weeks or months. Many organizations make the fatal mistake of not paying enough ongoing attention to culture once change efforts appear to be succeeding. Change guru John Kotter (1996) writes, "Changes in a work group, a division or an entire company can come undone, even after years of effort, because the new approaches haven't been anchored firmly in group norms and values."

Cultural transformation also involves significant amounts of communication. To motivate people to change, there must be a compelling vision which is clearly linked to the organization's strategy and ongoing management attention to how well the change is occurring. If the value of a change to an organization is not clearly articulated, it is likely to fail. This is especially important when promoting a knowledge-sharing culture

since it may on the surface appear to have fewer tangible benefits. Vision and strategy are absolute prerequisites of the shift to knowledge-sharing because they clearly focus efforts on what is important to the company (Proekesch, 1997). Visible, high level support for cultural transformation is essential (Kotter, 1997). Focus group members repeatedly stressed that passionate leadership and management which leads by example are the best ways to effect change. As one stated, “the principle role for the leader is to make knowledge-sharing so attractive that people want to be part of it.” It is important to recognize that a knowledge-sharing culture will look and feel differently from one organization to the next. Kotter (1996) suggests that this is because cultural changes should be considered as grafts of new values and behaviors on to the old corporate culture. Ideally, a firm will retain the strengths of the old culture and bear the fruits of the new one. Thus, there is no single set of knowledge-sharing characteristics for which every organization should strive. However, there are three sets of underlying organizational attributes which appear clearly associated with knowledge-sharing cultures:

1. Companies with a high solidarity and high sociability culture.

High sociability strengthens the relationships needed to express and accept creative thinking and creates an environment where people are more likely to go beyond the formal requirements of their jobs. It also encourages helping and sharing behavior. High levels of solidarity help people to sustain their focus. It builds a sense of trust based on merit and enables swift, cooperative responses to competitive threats. In industries where the business environment is dynamic and complex and which have multiple external connections, high sociability, high solidarity organizations have a better chance of being able to synthesize and use information from a variety of sources.

2. Companies which emphasize fair processes as well as fair outcomes.

Organizations have traditionally sought to have fair outcomes for their staff regarding such things as compensation or position in the corporate hierarchy. The expectation is that when people get what they deserve, they will feel satisfied with the outcome and fulfill their obligations to the firm. Management tools have therefore emphasized such fair outcomes as, resource allocations, economic incentives and rewards, performance evaluation. However, recent research is consistently finding that there is an important link between the perceived fairness of an organization’s processes and the attitudes and behavior which result. Fair processes involve individuals in the decisions that affect them, ensure that everyone affected understands why final decisions are made as they are, and clearly state future expectations. In organizations where fair processes are

perceived, staff voluntarily goes above and beyond the call of duty. One study found that “Managers who believed the company’s processes were fair displayed a high level of trust and commitment, which in turn engendered active cooperation. Conversely, when managers felt fair process was absent, they hoarded ideas and dragged their feet.” (Kim & Mauborgne, 1997) Thus, fair processes are an important means of instilling a commitment to knowledge-sharing in an organization.

3. Companies which recognize their employees’ work.

Organizational citizenship behavior is the term used to describe a host of work-related helping behaviors above and beyond a prescribed job. It has been shown to relate positively to group cohesiveness, teamwork, performance, problem solving and problem prevention. Recent research has demonstrated that staff whose work is recognized by their superiors and/or their peers will tend to demonstrate stronger organizational citizenship behaviors than others (Podsakof, 1997). Significantly, recognition does not have to be monetary recognition but can also include non-monetary rewards such as extended vacations, tickets to a sports event, an award, or a thank you note. Paré et. al. (2001) have found that such recognition practices increase perceptions of procedural justice which in turn make staff more likely to engage in organizational citizenship behavior.

8.4 MOTIVATORS AND INHIBITORS OF KNOWLEDGE-SHARING BEHAVIOR

While organizations should strive to embed knowledge-sharing in their culture in the ways discussed above this is, as we have noted, a long-term process. In the short and medium term, much of a knowledge manager’s efforts therefore need to be focused on ways to promote knowledge-sharing behavior. While behavior is the most superficial aspect of culture, experts believe that effective transformation efforts should aim to produce a series of visible short-term impacts in a number of different parts of an organization. This makes the benefits of change real for people and shows them how specific new behaviors and attitudes help performance (Kotter, 1996). Many focus group members are using this approach to promote knowledge-sharing. “The key is to build islands of sharing”, stated one member, “and then to build bridges between the islands.” Because cultural change is such a long-term, multi-step process, it is not unusual to find that knowledge-sharing efforts are incubated first in small niches in an organization before gaining widespread senior management attention and support. The experts agree with this approach, emphasizing that cultural transformation is a non-linear process and

that culture will only change after people's actions are altered, after benefits have been observed for some period of time and after people have seen the connection with the change (Kotter, 1996). Therefore, motivating knowledge-sharing behaviors is an important first step to instilling a full-blown knowledge-sharing culture.

There are four categories of factors: social, managerial, organizational and technical, which stimulate or inhibit knowledge-sharing behavior. Ideally, they build on and interact with each other to create optimal conditions for knowledge-sharing

1. The Social Context of Knowledge-sharing Behavior.

Most knowledge is shared socially. Research shows that managers get two-thirds of their information from face-to-face meetings or via the telephone and only one-third from documents (Davenport, 1994). People are five times more likely to turn to friends and colleagues for answers to their problems rather than to other sources of information (Cross & Baird, 2000). Yet while we know that personal contact is a fundamental part of knowledge-sharing, "too often knowledge transfer has been confined to such concepts as improved access, electronic communication, and document repositories." (Davenport, 1994). Practitioners know this well but although "no one says 'document repositories', that's where we spend 100% of our resources." The social context in which individuals work appears to form the bedrock for all other types knowledge-sharing behaviors. People will not share with those they don't trust either by reputation or expertise. They need to size up who is giving the information and assess their credibility (Connelly, 2000; Davenport, 1998). This is one key reason why technical knowledge-sharing solutions often work poorly on their own. Organizations therefore need to develop specific strategies to increase spontaneous exchanges between individuals. Some of the factors which have been shown to increase knowledge-sharing between people include introducing new staff members to key people in the organization; developing a team-based structure on which a sense of community can be built; rotating key staff through the organization to build networks; locating work areas so they intersect with others; and cultivating an atmosphere of informality where people feel comfortable asking others for help (Goffee & Jones, 1996; O'Dell, 1999; Stewart, 2000). There appear to be two sets of conflicting assumptions about why people do or do not share their knowledge. The first is that researchers feel that knowledge sharing is not 'natural' and therefore needs to be motivated (Tan, 2000; Davenport, 1994) while focus group members felt that sharing will occur naturally if organizations remove the barriers that they put in place to prevent it happening. In fact, both are likely true. Jarvenpaa and Staples (2000) have found that organizational and managerial factors have a great deal of influence on how much

knowledge-sharing individuals in organizations do. For example, people who believe information belongs to the organization are *less* likely to share than those who feel the information is their own. Information sharing is also more likely to occur if there is more interdependence of job tasks.

A second assumption is that people don't want to share because they are overloaded with information already. Again, this is both true and untrue. When people have job assignments which leave them isolated, allow for little slack time or which do not support such 'unproductive' activities as talking or reading, it is highly unlikely that they will be able to find time to share (Davenport, 1998). On the other hand, Davenport (1994) believes there is no such thing as information overload. "If information is really useful, our appetite for it is insatiable." This underscores a point which was continually made during the focus group meeting. Knowledge must be useful if sharing is to occur, that is, if information is to be both sought and utilized. Individuals set internal criteria for what they believe is important. Any knowledge-sharing effort must therefore be designed around these (Hickins, 1999).

2. The Organizational Context of Knowledge-sharing Behavior.

Organizational processes and practices form a second major category of factors which influence knowledge-sharing behaviors. These factors include: recognition and incentives; the role of information in the organization; governance and accountability structures; where knowledge resources are spent; and how the organization's processes integrate knowledge. Research has repeatedly shown that organizational demographics, particularly large size and formal status differentials, have a negative influence on knowledge-sharing (Connelly, 2000; Stauffer, 1999). Focus group members identified many policies and practices which mitigated against knowledge-sharing. For example, some firms reward individual achievement not group achievement or use metrics that do not track knowledge-sharing activity. In other organizations, concerns over keeping key information from falling into competitors' hands have led to such restrictive security procedures that they also inhibit internal knowledge-sharing. Particularly endemic is a persistent industrial-culture belief that knowledge is power and money. Until this belief is rooted out and destroyed in all processes and practices of the organization, knowledge-sharing will not occur, regardless of how well the organization promotes it (Davenport, 1994). Practices and processes embed what the organization values. Two of the most important organizational practices which promote knowledge-sharing behavior are: rewards and recognition and monitoring. As noted above, reward and recognition practices can either promote or inhibit sharing behaviors depending on how they are designed.

One focus group organization encourages sharing by allocating 25% of an individual's performance evaluation to how well they share and use knowledge. This not only rewards desired behavior, it provides a means for monitoring it as well. Other organizations use more informal recognition practices, e.g., thank you or awards, and find that these work as well as more formal means.

Training is another process which can significantly influence knowledge-sharing and which is often under-emphasized. Often workers do not use knowledge sharing technology and tools simply because they are not sure how they work or do not understand what behaviors they are expected to practice (Davenport, 1994; Connelly, 2000). CKOs in the focus group noted that in their experience the amount of training needed to change behavior is always underestimated. Some firms have implemented formal mentoring and coaching programs to address this need. Facilitation of knowledge-sharing work is also important. Strategies for making information useful and accessible are all labor intensive and require knowledge and judgment. Organizations must be prepared to provide adequate resources to support the knowledge-sharing they desire (Davenport, 1994). One focus group firm has created the position of "knowledge steward". The steward is involved in all major projects, gathering relevant business intelligence and template documents at the beginning and capturing what was learned on a project at the end. Another organization legitimizes time spent documenting knowledge and mentoring others, cycling specialists into knowledge management roles between assignments. Care must be taken when designing knowledge-sharing procedures, documents and methods however, that they do not become too complicated. The more complex and detailed these are, the less likely they will be to change behavior (Davenport, 1998). This is one reason why enterprise-wide information architectures have been a resounding failure.

3. The Managerial Context of Knowledge-sharing Behavior.

Motivating cooperative behavior in staff has been called one of the key managerial issues of the next few decades. This is because "creating and sharing knowledge are intangible activities that can neither be supervised nor forced out of people. They happen only when people cooperate voluntarily" (Stauffer, 1999). Focus group members agreed that managers play an important role in stimulating or inhibiting knowledge-sharing. Middle and line managers have a great deal of influence on how organizational processes are carried out (i.e., how fairly they are perceived) and on how well sociability and solidarity are promoted within their area of influence (Schein, 2000).

Management plays an especially critical role in leading knowledge-sharing efforts by example. Focus group members consistently stressed the importance of leaders in communicating the importance of knowledge-sharing and of practicing what they preach. Furthermore, it is managers who must sanction the time for training and sharing, who determine job assignments which can optimize or stunt learning, who must recognize and reward the sharing behaviors the organization wishes to inculcate, and who decide who to hire and promote. They also have special responsibilities for delivering value. As we have noted, delivering visible value is a key aspect of motivation. Managers must focus knowledge management initiatives on the things that matter most to people, tailoring them to how people do their jobs and to the social dynamics of their organizational unit (Hickins, 1999). Given these key roles in motivating knowledge-sharing behavior, it is unfortunate that surveys have shown that only 43% of business managers (including executives) have a clear understanding of the value of knowledge management (Eckhouse, 1999). “There is no substitute for someone who really believes”, stated one focus group member. Continuous communication by management about the importance of knowledge-sharing is essential to the development of this behavior (Philips, 1999). Communication includes not only speaking and writing but also what management pays attention to. One company where management was very successful in doing this was Nucor, a steel manufacturing company in the United States. Several years ago, managers set out an integrated program to mobilize knowledge in their plants. This combined improved training and higher quality standards with an emphasis on respect and trust for the workers. When sacrifices had to be made, managers sacrificed as much or more than the workers. All performance data were shared with a plant’s workers and suggestions for improvement were carefully considered. Interplant performance data were also shared and the best workers from each were rotated between plants to seed knowledge-sharing. Meetings and visits between plants were also arranged.

Finally, higher bonuses and other incentives were added to further drive home the message. As a result of these efforts, although in a fundamentally troubled industry, Nucor has consistently returned higher than average profits and return to its shareholders (Gupta & Govindarajan, 2000).

4. The Technical Context of Knowledge-sharing Behavior.

The last, and probably least important motivator of knowledge-sharing behavior is technology. As Davenport explains, “The world is littered with the remains of knowledge management programs that companies built and then nobody came.” (O’Dell, 1999). There is an important and synergistic relationship between IT and knowledge

management. IT makes the connections possible that enable sharing, but in and of itself does not motivate it. In fact, implementing technology while disregarding the other factors which motivate knowledge-sharing will only reinforce existing behavior (Davenport, 1994). At best, technology should be seen as complementing other knowledge management activities; at worst, it can be downright off putting (Cross & Baird, 2000; Hickins, 1999). In spite of these facts, it is knowledge-sharing technology which gets the lion's share of attention and resources, possibly because it is IT people who are more likely to understand the importance of knowledge management – even if they have an overly mechanistic view of how it is done (Eckhouse, 1999). However, all too often its intended users are unaware of a technology's existence or don't know how to use it effectively (Connelly, 2000).

Other problems with technology include:

Poor design: Frequently, technology is not designed for the work people actually do but rather for the work technologists *think* they should do (Hickins, 1999).

Poor usability: People will only use technology if it provides: an easy way to locate the information they need; effective interfaces; and quality service delivery (Griffiths, 2000).

Failure to match the medium with the message: Technology can be an effective way to speed information around an organization – especially if it is geographically dispersed. However, it is not a very rich medium. For deeply contextual, tacit information, the best way to share can be using technology to connect people to experts and then let them exchange information offline (Drucker, 2001).

Lack of segmentation: Not all users of knowledge resources have the same needs. Recognizing this, one of the focus group companies created a “killer app” by developing “Power Packs” of information, specifically designed for particular groups in the company. In short, technology design for knowledge-sharing requires careful attention to the social, organizational and managerial factors which drive behaviors. Only then, can technology be effectively implemented to support and enhance those parts of knowledge-sharing behavior which are amenable to technical facilitation.

8.5 EFFECTIVE KNOWLEDGE-SHARING PRACTICES

While it is not always possible to translate best practices from one organization to another, members of the focus group shared some ideas which had worked well for them:

Sell knowledge-sharing:

Often, people see knowledge management as a time consuming add-on and don't see the benefits for themselves of doing the extra work required. The sales-pitch will be different in different organizations. Some firms need to appeal to individuals' self-interest; others sell the organizational benefits; some don't even call it knowledge-sharing – they call it “working smarter”.

Use a Knowledge Leadership Cue Card:

To remind its managers about the importance of their own behavior in stimulating knowledge-sharing, one firm created a cue card listing ways they can promote it in their day-to-day jobs. This card includes such reminders as: “what have you learned from this project?” and “who else have you shared this with?”. The complete cue card has been included in.

Incorporate Testimonials:

Stories of the success of knowledge initiatives have long been considered important ways to focus attention on knowledge-sharing. Focus group members strongly encourage users who have seen the value of sharing to speak about it with others. Many also include testimonials in the rollout of any knowledge management initiative.

Measure Sharing:

As with all changes, measuring knowledge-sharing shows that management believes it is important. Companies need to identify these types of metrics in addition to traditional outcome metrics. Some of the aspects of knowledge-sharing success which focus group companies are measured include: rate of contribution to knowledge data bases; rate of knowledge reuse; quality of knowledge available; and external recognition of the firm's knowledge leadership.

Get the value proposition right:

Understanding and articulating the ways that knowledge-sharing links to value is absolutely critical according to the focus group. Often, this does not have to be at an enterprise level but in smaller areas where knowledge can have an immediate impact. In one company, sharing efforts were focused on providing added value to its customers;

another on making its customer service operators more effective; and another on its office workers. A “focused and pragmatic” effort is the best place to start stimulating knowledge-sharing.

Recognize the stages of knowledge-sharing.

As we have noted above, instilling a knowledge-sharing culture is a multi-step process and firms need to recognize when they are ready to move on from one stage to the next. The first stage is when knowledge-sharing is still a new concept. At this level, sharing must be tactical focusing on ensuring that front line workers have the information and contacts necessary to do their jobs well. Instilling knowledge-sharing at this level could include: producing contact lists, providing more accessible standard information online, and encouraging inter-group communication and feedback. When a firm recognizes that it needs to do more and is ready to invest further, then more emphasis should be placed on ensuring that both organizational processes and managers support knowledge-sharing behavior through such things as, training, incentives, infrastructure, usability, and focusing on value-adding activities such as integrating knowledge management tools and techniques into business processes and practices.

Finally, when knowledge becomes a true corporate competency, organizations can focus on the more strategic, enterprise-wide sharing of knowledge. This involves embedding knowledge into every aspect of the company’s work and culture. It is only at this level that the organization will truly be exploiting what it knows and will be considered to have a mature knowledge-sharing culture. At minimum, focus group members stated, this progression is a three to five year process which cannot be rushed and which must be constantly monitored.

8.6 NOTES

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8.7 SUMMARY

Instilling a knowledge-sharing culture is a challenge for even the most knowledge-savvy organizations. Because culture is difficult to pin down, it is often underestimated in efforts to change how firms work. This is a mistake. Developing a culture which values and practices knowledge-sharing is a multi-year effort involving attention to the social, organizational, managerial, and technical components of this behavior. Past efforts have often assumed that implementing technology alone will be enough to promote knowledge-sharing. While this has been consistently demonstrated as an ineffective practice, frequently the majority of an organization's knowledge resources are devoted to technology and not to the other factors which stimulate knowledge-sharing. Until organizations make a concerted effort to refocus their efforts on these, they will find it extremely difficult, if not impossible to grow a true knowledge-sharing culture.

8.8 KEY WORDS

Knowledge management systems, Knowledge sharing culture, Cultural transformation, Knowledge sharing practices.

8.9 SELF-ASSESSMENT QUESTIONS

1. Describe the features of knowledge sharing culture.
2. Explain the organizational attributes associated with knowledge sharing culture.
3. Explain the cultural change in organizations
4. Discuss categories of factors which stimulate or inhibit knowledge-sharing behavior.
5. Illustrate effective knowledge-sharing practices.

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MODULE-III

KNOWLEDGE ECONOMY

UNIT-9: PRINCIPLES OF KNOWLEDGE MANAGEMENT

Structure :

- 9.0 Objectives
- 9.1 Introduction
- 9.2 Knowledge Management- Approaches
- 9.3 Principles of Knowledge Management
- 9.4 Knowledge Networking
- 9.5 Developing Knowledge Management Capabilities
- 9.6 Knowledge Management -Implementation
- 9.7 Notes
- 9.8 Summary
- 9.9 Key Words
- 9.10 Self Assessment Questions
- 9.11 References

9.0 OBJECTIVES

After studying this unit, you will be able to;

- Identify the Knowledge Management Approaches
- Explain the Principles of Knowledge Management
- Examine the types of Knowledge Networking
- Highlight the process of Developing Knowledge Management Capabilities
- Describe the steps in Knowledge Management -Implementation

9.1 INTRODUCTION

The knowledge developer has a number of challenges in choosing knowledge capture tools. First, the technique that best taps the knowledge of the domain expert must be determined. Certain techniques are ideal for single experts, and others are more suitable for multiple experts. Second, advance planning and preparation for knowledge capture can best be carried out through using the most efficient tools, thereby making the best use of the expert's time and resources.

The managerial aspects of tool selection have to do with the organizations commitment to providing proper training and support for the knowledge developer. The knowledge developer should be an effective manager of time. Selecting the right knowledge capture techniques means saving time on ensuring reliable representations of the knowledge. The knowledge developer must also be able to communicate with experts, regardless of their background or expertise. Communication breakdown could spell disaster for any project, large or small.

9.2 KNOWLEDGE MANAGEMENT APPROACHES

There are four approaches of knowledge management; the mechanistic approach, the systematic approach, the core capability approach and the cultural /behavioral approach have been discussed.

1. The Mechanistic Approach:

The mechanistic and hard approach to knowledge management involves applying technology and resources to do more of the same better. The main assumptions of this approach include: Better accessibility to information is a key, including enhanced methods of access and reuse of documents.

2. The Systematic Approach:

The systematic approach involves the systematic practices in order to disseminate knowledge and information among appropriate people in appropriate time, to create value. A Knowledge management system involves the representation, acquisition, creation, usage and evolution of knowledge in its many forms and the modeling, analysis and design of technical systems for supporting all facets of knowledge management.

Some key assumptions of this approach are as follows: The most important thing is to achieve sustainable outcomes but not the processes, technologies or definitions people present. Managing a resource without being modeled is not possible. However, many aspects of organizational knowledge could be modeled as an explicit and observable resource. Also, solutions could be found in a wide range of disciplines and technologies. It is also possible to re-investigate the nature of knowledge work and to solve knowledge problems by applying the traditional methods of analysis. Therefore cultural issues are important but their analysis should be done systematically. This probability exists that some changes occur among employees but definitely, policies and procedures require changes. It is also possible to successfully apply technology to resolve knowledge problems.

3. Core Competency Approach:

One way to manage knowledge-based organizations is developing knowledge competencies. Core performance capability and core knowledge capability are two distinct concepts, though complementary but each of them is a component of organizational identity. Core competencies approach is a mechanism to convert core knowledge capabilities to goods and services. Core performance capabilities are processes that enable organizations to deliver goods and services with high quality, speed and efficiency to customers. These capabilities include high-speed delivery of new products to markets, product customization for customers, optimal management of logistics, employing qualified employees, learning and vision dissemination and are regarded as a key for organization success.

4. Cultural/ Behavioral Approach:

This approach which has its origins in change management and business process re-engineering, regards knowledge as a managerial issue. Based on this approach, although technology is necessary for the management of explicit knowledge resources, it is not the only solution for knowledge management. Based on this approach, focus is more on innovation, creativity and learning organization rather than focusing on manipulating

explicit resources or knowledge creation. The dissemination and sharing of knowledge is embedded in interactions and networks among people and their institutionalized groupings e.g. teams, organizations and etc... That enables us to access the diverse resources of intelligence. The key assumptions of this approach are as follows: In information-intensive environments where organizations are losing their efficiency and effectiveness according to the business objectives, implementing changes in organization's culture and behavior seems to be vital. Organizational culture and behavior involves changes while traditional technologies and solutions have reached their boundaries of effectiveness. At present, cultural factors which have an important role in organizational change, have been devaluated, therefore implementation of cultural/behavioral factors will probably lead to profitability for organizations.

9.3 PRINCIPLES OF KNOWLEDGE MANAGEMENT

1. Knowledge is a Valuable Asset:

Knowledge management is based on the idea that knowledge is an asset that should be managed (just as capital assets are managed). Explicitly setting that knowledge is a valued asset makes it clear that teams are expected to manage and protect knowledge.

2. Knowledge is Stored in A Central Repository:

One of the biggest problems that knowledge management programs face is islands of knowledge. Teams and individuals have a tendency to horde knowledge in their own makeshift repositories. This principle makes it clear that everything goes into one central repository. Your knowledge repository (e.g. enterprise content management system) should allow teams and users to create their own knowledge spaces.

3. Knowledge is Retained:

Knowledge is retained according to organizational retention policies. Retention may be managed with a set health check criteria for knowledge. For example, knowledge that is old, unreferenced and unused may be pruned.

4. Knowledge is Quality Controlled:

Set the expectation that knowledge is quality controlled. For example, quality guidelines may state that document authorship (who contributed to knowledge) be captured.

5. Knowledge is Sustained:

A sustainable approach to knowledge management. For example, minimizing the resources used by knowledge repositories.

6. Knowledge is Decentralized:

Most knowledge management responsibilities lie with those teams closest to the knowledge. It's a bad idea to centralize all knowledge management processes.

7. Knowledge is Social:

Knowledge that sits on a shelf has no value. The value of knowledge depends on communication and socialization. The creation, assessment, improvement and use of knowledge is largely a social process.

8. Knowledge is Shared:

A primary goal of knowledge management is to facilitate the sharing of knowledge. Encourage your organization to share (e.g. lunch and learn sessions).

9. Knowledge is Accessible:

Knowledge is more valuable when it's accessible to a wide audience. Privacy and confidentiality prevent most organizations from sharing all knowledge. However, it's important to set the expectation that a valid reason is required to restrict access.

The concept of accessibility also addresses access to knowledge for individuals with disabilities or special needs.

10. Knowledge is Secured:

Knowledge is your most valuable information. It's critical that information security best practices be followed for knowledge management processes and tools.

11. Knowledge is Searchable:

Search is a critical tool for knowledge discovery. Executive management may choose to make search a priority.

12. Work Produces Knowledge:

Set the expectation that every program, project, process and initiative is expected to generate knowledge. In some organizations, every meeting is expected to generate knowledge.

13. Knowledge is Measured:

Require teams to measure their knowledge management processes and knowledge assets.

14. Knowledge is Improved:

Knowledge that isn't improved quickly loses its value. Knowledge management is a process of continual improvement.

9.4 KNOWLEDGE NETWORKING

In this era of tough global competition, organizations must look for ways of generating extra value from their assets. People and information are two critical resources increasingly being recognized as valuable. Knowledge networking is an effective way of combining individuals' knowledge and skills in the pursuit of personal and organizational objectives.

Knowledge networking is not easy to define or describe. It is a rich and dynamic phenomenon in which knowledge is shared, developed and evolved. It is more than access to information, because it also delves into the unknown. It is more than using the rules and inferences of expert systems, because it is about knowledge that is evolving. Although it verges on simplification it is the computer augmentation (typically through groupware) of person-to-person communications resulting in the development of new knowledge.

A New Era of Computing

Over the last three decades the use of computers has steadily changed along the spectrum from aiding computation (data processing) to communications (email etc.). It is now entering a new era of helping cognition - human thinking and knowledge processes. However much information organizations store in computer only a small fraction of the knowledge needed to run an enterprise is encapsulated in this form or in manual procedures - 10%-30% is the figure given by most groups asked to estimate this percentage. The rest is the tacit knowledge and wisdom in people's heads. This knowledge becomes even more important in a dynamic business environment and is the key to an organization's ability to respond in a flexible and timely manner. This is a role that knowledge networking can help fill.

Properly used, computers have an important role to play in helping knowledge workers:

- ◆ **Think** - by helping the user organize and cluster concepts and discern new patterns in data.

- ◆ **Find information** - through searching databases both locally and on external databases, and increasing dispersed networks like the Internet.
- ◆ **Communicate** - use of email and conferencing brings experts together who might otherwise find it difficult to be in the same place at the same time. Ongoing 'conversations', with additional benefits of deeper thinking and considered meaning, can take place over days and even weeks.
- ◆ **Debate** - properly managed (or moderated to use the more precise term) computer conferences (forums, bulletin boards, note files) can create a level and quality of debate not normally achievable within the conventional work environment. This is partly because they attract highly motivated and knowledgeable individuals to address tough real challenges and engage in conceptual arguments.

In these first two modes the person is mostly interacting with the computer. In the following they are interacting through the computer to other people (knowledge experts). In all of these modes an individual has a symbiotic role with the computer and with their colleagues. There is no step by step procedure - it is a pattern of fast interaction where the outputs from one small step influence the thinking and decisions about the next step. All the time though networking (both to computer holding information and to individual experts) knowledge is being continually evolved and developed.

A Few Examples

Here are a few examples of knowledge networking in action.

1. Problem Solving Somebody has a technical or management problem. They cannot get the help they need from their regular contacts or sources. They pose the problem on a notesfile. Within hours an expert who has already solved the problem may reply. More often than not this starts a debate as to which approach is best in this particular circumstance. Off-line or one-to-one conversations can then take place outside the conference - but the link in the knowledge network has been created. Thus, a customer service manager in Atlanta may receive the information they need to help the customer from a specialist in Finland.

2. Decision Support An important decision has to be made. Several alternatives are mooted. But do the people making the decision have enough wisdom to know how potential implementation difficulties with each option? Do they see the potential effects on other parts of the organisation that they had not considered? Debate is invited. New avenues are opened. Helpful criteria are suggested. Groups who may be affected make the organizational impact clear. Many product managers use this approach to help them

decide which product features are important. Other management teams use such a forum to help priorities investment decisions.

3. Project Management During a project many different people are involved, and different aspects become important at different phases. A computer conference with properly structured headings, allows information to be collated and readily shared. Such shared information helps track assumptions behind certain decisions and gives a useful record for newcomers to the project. In one specific example over 100 people from all over the world, coordinated work on sales bid, pooling expertise in a way that would have been impossible by conventional means.

Making it Happen

One way of making sure it will definitely not happen is applying the rules and processes of computing used for highly structured processing; this is about social computing and organising information. In many cases we have observed the following features emerge consistently as those contributing to excellent dialogue and pushing the frontier of knowledge forward.

- 1. A degree of informality** - many organisation try and continue their normal cultures over to the electronic environment. Knowledge development requires free flow of information and feeling and thoughts. People must feel able to express their inner feelings and have them respected.
- 2. Challenge and thought provocation** - the best ideas come from the kinds of challenges that might be construed as negative in face-to-face situations. The slightly more “remote” nature of electronic communications helps here. The name of the game is to challenge, ideas but not the individuals whose ideas they are. There are techniques of phrasing responses to achieve this.
- 3. Knowledge authority** rather than position authority - recognising people for their contribution, not their position in the company. In fact, sometimes executives do not divulge their seniority when participating on-line, so as not to stifle debate. They also get a better picture of what people in the organisation feel than through formal hierarchical channels!
- 4. Openness of communications**; willingness to share information - the person who comes into a conference to gain information, then disappears without trace, is quickly ostracised. In the work of knowledge networking, people who have knowledge to contribute are expected to contribute it freely. Its a case of give and take. You give your

expertise to someone, and someone completely different can reciprocate with information useful to you.

5. Co-operation not Competition - a belief that coordinating expertise from different people is better than going it alone. This is a difficult one to handle, since there is probably an element of competitiveness in each of us. However, over time as reciprocal relation develop collaboration increases. Very often, just the frequently of genuine two way communications aids the process of co-operation.

6. Developing a network of individuals with shared visions and goals - the most powerful moves forward come when a particular group committed to a similar end work in harmony. The computer network can act as the “marketplace for ideas”, doing a brokering role in bringing people together. I know of one product that came to market 6 months early, because informal knowledge sharing over the network helped to gel an ad-hoc team of people committed to the same end results.

7. A strong sense of responsibility to co-workers - this is where normal team development activities have a role to play. It is often found that interspersing networking activity with face-to-face meetings can greatly improve the degree of mutual understanding and strengthen team cohesiveness.

8. Self regulation of the network - in a network there are ‘norms’ and practice ‘netiquette’ developed over the years by participants in such networks. Managers new to networks often think that they can impose rules of traditional computer practice on such networks.

An important point to note is that different on-line places have different characteristics - each forum, discussion list or departmental network has a different often unmodified way of working and interacting with each other. Therefore it newcomers must take time to understand the specific protocols and culture of the network they are joining.

9.5 DEVELOPING KNOWLEDGE MANAGEMENT CAPABILITIES

KM Capabilities

An important part of the analysis and assessment phase is determining what KM capabilities (knowledge, skills and experience) you have in your organization. In order to do this, you will need:

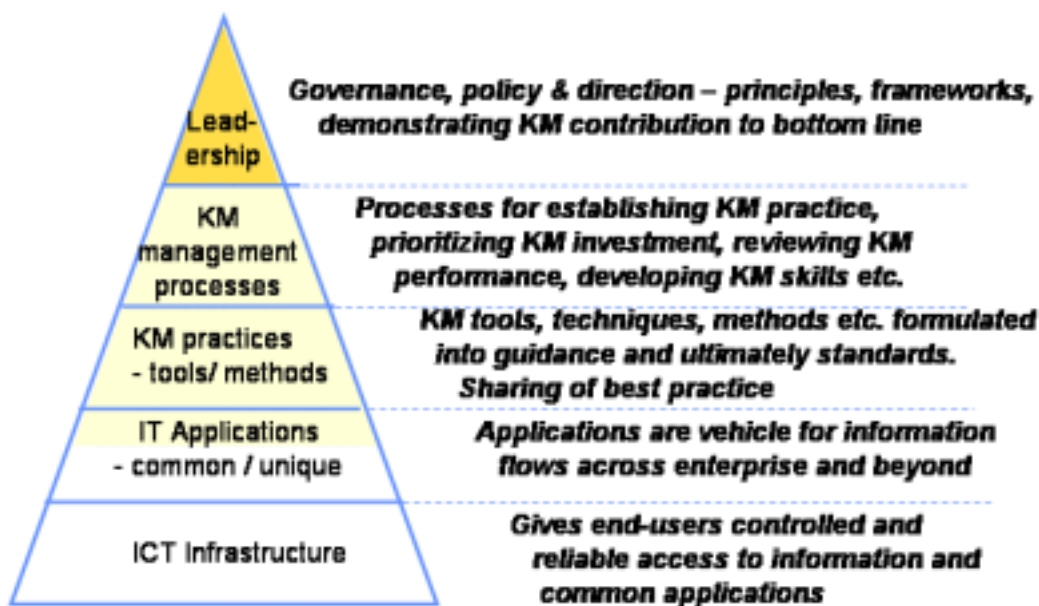
1. A framework or model - to define the key capabilities you want to assess

2. An assessment tool, such as a questionnaire or checklist to gauge the depth and breadth of capabilities

We have three frameworks and associated tools that we use:

1. A generic KM framework. This will shortly be added to the KM Basics pages. The associated tool is the KM Assessment. Currently only the short version is available in our archive.
2. A KM Capabilities Model -The Quick KM Assessment also maps into this model.
3. A KM Maturity model. This is a quick way of assessing your level of maturity against ‘world-class’ but is no substitute for tailoring a KM Capability model for your own purposes. We shall shortly be adding a Quick KM Maturity Assessment to our toolset.

KM Capability Model



The diagram shows our generic KM Capabilities Model which has been adapted and used in a range of consulting assignments. In outline, the five layers are as follows (from top to bottom):

1. **Leadership:** this covers top level positioning of KM; how well it is integrated into the organizations high level decision making; to what extent are their clear and well communicated policies and principles that oversee the management and contribution of KM?

2. **KM Management processes** : this covers the management of the KM function, whether it is part of a central unit or distributed throughout the organization; what level and depth of KM specialist skills exist; how well is KM organized and managed for the benefit of the organization?
3. **KM Practices** : this is the heart of the capability assessment; it should assess the extent of use of various KM practices, both those involving information stores and their accessibility (how quick and easy is it for everyone to find the information they need?); what practices are widely used for sharing tacit knowledge?
4. **IT Applications** : this is not only packaged applicaitons but end-user computer tools that can boost individual productivity, everything from mind-mapping tools to content management systems and more in between (including the use of wikis)
5. **ICT Infrastructure** : essentially the underpinning networks and hardware used for access; can users access information at high bandwidth using a vareity of devices from a variety of locations (office, home, on the move) etc.

Like all such layered models, sometimes it is difficult to be precise as to where one layer ends and another begins, especially for the bottom two layers. The key point of such a model is to get you to consider the range of factors in these different categories that comprise your KM capabilities. To assess capabilities you can use a variety of methods including questionnaires, document analysis, interviews, focus groups and statistical data. Whatever combinations of methods are used it is important to get an assessment of:

1. The existence of a **capability** somewhere in the organization
2. The extent of its use (where relevant) across the whole organization, i.e. **breadth**
3. The quality and level (e.g. basic, advanced, world-class) of it use, i.e. **depth**
4. Spread and variability of responses to the previous two assessments, i.e. degree of **consistency**.

9.6 KNOWLEDGE MANAGEMENT -IMPLEMENTATION

Knowledge management projects or programs are as varied as the firms in which they are deployed. Commonly found activities include:

1. Creation of knowledge databases : best practices, expertise directories, client profiles, market developments, organizational processes, legislative developments, assignment status and histories etc.

2. Knowledge mapping : structuring and organizing information according to a knowledge tree or thesaurus

3. Formation of knowledge teams : a good team will include a broad cross section of disciplines, including information managers/librarians, information technologist (those who really understand end-user computing, intranets and specialist knowledge tools, such as document management, mapping, cataloguing etc.), human resource specialists, line managers, intellectual property specialists and facilitators.

4. Active management of knowledge processes : gathering, classifying, storing, disseminating etc.

5. Development of knowledge center's : focal points for knowledge skills and facilitating knowledge flow.

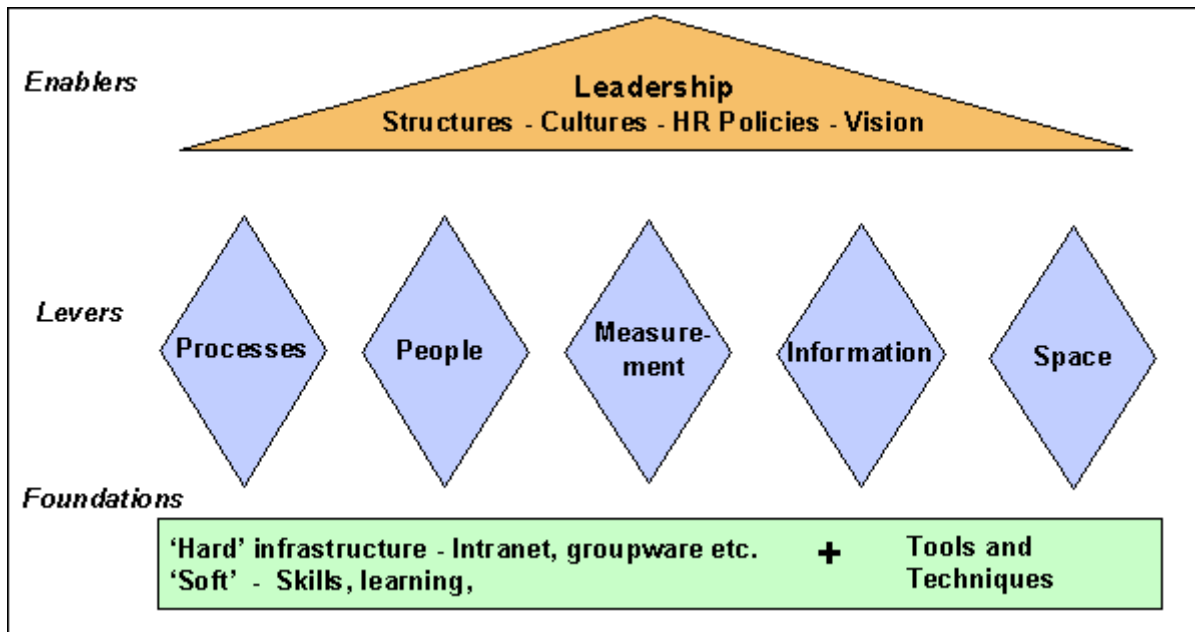
6. Knowledge webs : networks of experts who collaborate across and beyond an organization's functional and geographic boundaries.

7. Introduction of collaborative technologies : intranets or groupware for rapid information access, but also to help person-to-person communications.

8. Appointment of a senior executive responsible for the knowledge initiative. In larger organizations, it is usually a full time Chief Knowledge Officer, but in smaller firms it can be a board member who spends a sizeable proportion of their time overseeing the knowledge initiative and driving it forward.

As the above list illustrates, knowledge management covers aspects of organizational design, information and knowledge processes, technology and people. Based on analysis of critical success factors in knowledge management, figure 1 shows a framework for developing a knowledge management program.

Figure 1 A Framework for Implementing Knowledge Management



At the top layer of the framework are the enablers. The key factor here is organizational leadership. There is a senior knowledge champion. The senior management team understands that knowledge is strategic and clearly articulates its contribution to the organization's 'bottom line'. The organization's structure, culture and environment encourage knowledge development and sharing. Without these enablers most knowledge initiatives drift or stall.

The second layer of the framework comprises a set of levers that amplify the contribution of knowledge. These include processes that facilitate knowledge flows, the effective handling of information, and measurement systems. An important point here is the distinction between explicit and tacit knowledge, since their management is quite distinctive.

Explicit knowledge is that which is written down or expressed in some tangible form, such as in a procedure manual, document or computer database. Tacit knowledge, on the other hand, is personal, in people's heads and is difficult to articulate. It includes insights, experience, judgment and many other aspects of know-how and knows-why. Managing explicit knowledge draws heavily on systematic processes for handling information, such as information resources management, as discussed below. Managing tacit knowledge, on the other hand, is more to do with managing people, and particularly the environment in which they operate. Hence design of space that encourages knowledge

sharing, such as at British Airways new headquarters at Waterside near Heathrow, is an important lever. So, too are ways in which people can interact to learn from each other, whether through knowledge sharing events, the conduct of meetings, secondment to other work groups or personal coaching and mentoring.

Thirdly, the foundation layer provides the capacity and capability that embeds knowledge into the organization's infrastructure. It comprises two complementary strands - a 'hard' information and communications infrastructure that supports knowledge collaboration and a 'soft' human and organization infrastructure that develops knowledge enhancing roles, skills and behaviours. In this layer, the fast moving world of technology is providing an ever increasing number of useful tools for knowledge capture, organizing and sharing. There are now knowledge management suites, such as Open Text's Live links, that combines document management facilities with functions that help create 'communities of practice', whereby people in different departments who are pursuing similar interests can be connected into electronic conversations.

An effective knowledge management program should therefore take a holistic view of the field and ensure that there is suitable balance between the various layers and strands. As far as information professionals are concerned, there are several ways in which they can make a valuable contribution to a knowledge programs. Creating knowledge bases and developing knowledge Centre's are two of them.

9.7 NOTES

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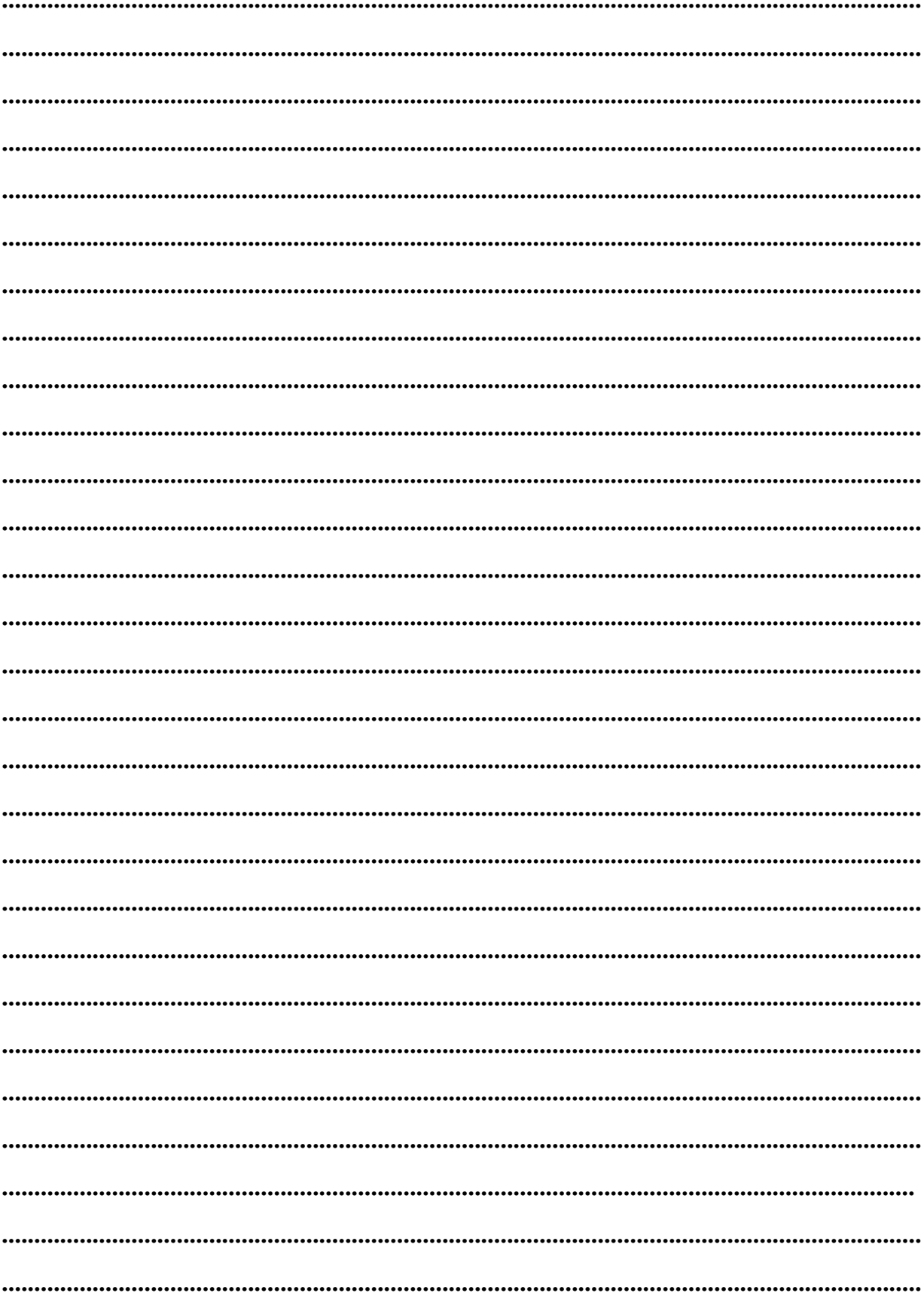
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9.8 CASE STUDY

Infosys' Knowledge Management Initiatives

The knowledge management (KM) practices of Infosys Technologies, one of the leading software companies based in India. Infosys was inducted into the Global Most Admired Knowledge Enterprises (MAKE) Hall of Fame in the year 2005 due to its innovative KM initiatives. Since its inception, Infosys gave importance to learning in the organization. Its efforts to assimilate and distribute knowledge within the company began with the establishment of Education and Research Department in the year 1991. The department began gathering content and knowledge that was available within the organization and the scope of the department grew with the launch of intranet A fully fledged KM program began in 1999 with the launch of Kshop. Through Kshop, knowledge generated in each project across the global operations of Infosys was captured. The case also highlights the benefits reaped by Infosys using KM in its day to day operations.

Background Note

Infosys was incorporated as Infosys Consultants Private Limited on July 02, 1981 by a group of seven professionals. From the beginning, Infosys relied heavily on overseas business. One of the founders, Narayana Murthy (Murthy) stayed in India, while the others went to the US to carry out onsite programming for corporate clients...

The Launch of Kshop

All the efforts to manage knowledge at Infosys evolved into a full-fledged KM program by late 1999. The mission of KM efforts at Infosys was 'to ensure that all organizational learning is leveraged in delivering business advantage to the customer'...

Improving the Functions of Kshop

One of the consequences of the success of the KCUs was information overload. This made it difficult for employees to obtain the required information. This sent them back to their informal networks to retrieve the documents quickly...

Knowledge Creation and Sharing

Almost all the projects that Infosys undertook were broken down into onsite and offshore components. In the initial stages of the project, activities like planning and design took place at the client's location...

Using Advanced KM Systems

By 2005, Infosys had highly sophisticated KM systems in place. Uniformity of data was maintained across the DCs of Infosys worldwide. All the centers could access real time data. The centralized KM system in Infosys was accessible to all Infosys employees, from any of its DCs..

The Road Ahead

According to an internal survey on a sample of 2,700 employees conducted in Infosys in 2003, 80% of the projects managers believed that the performance of their team, including quality of work and productivity improved as a result of KM systems...

Questions:

1. Study the implementation of KM initiatives in a large IT organization.
2. Examine the importance of organizational culture in successful implementation of KM initiatives.
3. Evaluate different service and industry practices in software industry.
4. Understand the role played by top management in the KM efforts of a company.
5. Appreciate the need for developing intellectual capital for an organization.

9.8 SUMMARY

A growing number of organizations are embracing knowledge management as a key strategic initiative. Among the pioneers are professional service organizations, most notably management consultancies, whose primary resource is knowledge. Appreciating the importance of knowledge is one thing. Sharing and managing it effectively is another. This unit reviews the role of knowledge in a professional services organization, discusses the management challenges and puts forward some guidelines based on a study of international best practice and knowledge management consulting activities. Particular attention is given to the role of knowledge centers and the contribution of information professionals in developing knowledge management capabilities and implementation of knowledge management based on various approaches.

9.9 KEY WORDS

Breadth

Capability

Consistency

Knowledge Mapping

Repository

9.10 SELF ASSESSMENT QUESTIONS

1. Explain the different Knowledge Management- Approaches
2. What are the Principles of Knowledge Management?
3. Bring out the importance of Knowledge Networking
4. Discuss in detail the process of Developing Knowledge Management Capabilities
5. Explain the stages of Knowledge Management –Implementation

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UNIT-10 : LEARNING ORGANISATIONS AND KNOWLEDGE MANAGEMENT

Structure :

- 10.0 Objectives
- 10.1 Introduction
- 10.2 Meaning and Definitions
- 10.3 The Learning Organization
- 10.4 Characteristics of Learning Organization
- 10.5 Initiatives for Learning Organization
- 10.6 Learning and Knowledge Management
- 10.7 Leadership and the Learning Organization
- 10.8 Shift from Training to Learning
- 10.9 Obstacles to Become A Learning Organization
- 10.10 Notes
- 10.11 Summary
- 10.12 Key Words
- 10.13 Self Assessment Questions
- 10.14 Reference

10.0 OBJECTIVES

After studying this unit, you will be able to;

- Explain The Learning Organization
- Identify the Characteristics of Learning Organization
- Describe the various Initiatives for Learning Organization
- Examine the relation between Learning organisation and Knowledge Management
- Highlight the importance of Leadership in formation of Learning Organization
- Identify the Shift from Training to Learning
- Report the Obstacles for Becoming Learning Organizations.

10.1 INTRODUCTION

The term ‘learning organization’ (LO) came into vogue in the 1980s and 1990s, but in today’s dynamic and competitive environment, the concept and its application is as important as ever. Its commercial roots can be traced to companies like Shell, where Arie de Geus, former head of Shell’s Strategic Planning Group, described learning as the only sustainable competitive advantage. The Learning Organization is seen as a response to an increasingly unpredictable and dynamic business environment.

10.2 MEANING AND DEFINITIONS

Basically, it’s the search for the (unattainable) Holy Grail. Companies are seeking to improve existing products and services (continuous improvement), and to develop new products and services through innovation (breakthrough strategies). For knowledge intensive organization - which is most of them, these days - one of their key assets is the knowledge in their people. But this knowledge must be harnessed in an effective way. Also, when we consider why many strategic initiatives, such as IT investments, fail or do not meet their stated objectives, it is usually lack of attention to human and social factors, such as skills, attitudes and organizational culture that are the root cause.

The principles of a ‘learning organization’ stems from the recognition that attention to people, their knowledge and their capacity to learn and develop, is a core competence and a competitive advantage. Organizations that have adopted LO principles report various benefits, such as:

1. Solving what appears to be intractable problems, for example with product quality or customer service
2. Coping with rapid change or unexpected events where existing 'programmed' responses are inadequate
3. Provide flexibility to cope with a changing economic and competitive environment
4. Developing innovative products and services that give a competitive edge in the marketplace
5. Having a deeper understanding of customer needs - both explicit and implied - and as a result developing novel solutions
6. Allow front-line staff to respond with initiative based on customer needs vs. being constrained by business processes established for different circumstances.

Few definitions are worth learning, to have better clarity about learning organisations

Nancy Dixon has defined "The essence of organisational learning is the organization's ability to use the amazing mental capacity of all its members to create the kind of processes that will improve its own"

M. Pedler, J. Burgoyne and Tom Boydell defines that "A Learning Company is an organization that facilitates the learning of all its members and continually transforms itself".

Peter Senge defines that "Organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to learn together"

We have drawn on these and more to develop a working definition to guide managers wanting to develop learning organisations capabilities in their organization:

"A learning organization is one that has in place the culture, systems, mechanisms and processes, which are used to continually enhance the capabilities of those who work with or for it, and collectively enhance the organization's knowledge so that it can achieve sustainable outcomes - for them and the communities in which they participate."

The important points to note about this definition are that learning organizations:

1. Are adaptive to their external environment
2. Continually enhance their capability to change/adapt

3. Develop collective as well as individual learning
4. Use the results of learning to achieve better results, i.e. a sustainable future.

With the pace of change ever quickening, the need to develop mechanisms for continuous learning and innovation is greater than ever.

10.3 THE LEARNING ORGANIZATION

Learning organization depends upon the mastery of five dimensions:

1. **Systems Thinking:** The notion of treating the organization as a complex system composed of smaller (often complex) systems. This requires an understanding of the whole, as well as the components, not unlike the way a doctor should understand the human body. Some of the key elements here are recognizing the complexity of the organization and having a long-term focus. Senge advocates the use of system maps that show how systems connect.
2. **Personal Mastery:** Senge describes this as a process where an individual strives to enhance his vision and focus his energy, and to be in a constant state of learning.
3. **Mental Models:** “Deeply ingrained assumptions, generalizations, or even pictures and images that influence how we understand the world and how we take action” (Senge 1990). These must be recognized and challenged so as to allow for new ideas and changes.
4. **Building Shared Vision:** Shared vision is a powerful motivator. A leader’s vision does not necessarily become shared by those below him. The key here is to pass on a picture of the future. To influence using dialogue, commitment, and enthusiasm, rather than to try to dictate. Storytelling is one possible tool that can be used here.
5. **Team Learning:** The state where team members think together to achieve common goals. It builds on shared vision, adding the element of collaboration.

10.4 CHARACTERISTICS OF LEARNING ORGANIZATION

Observation and research identifies four types of factor that are prevalent in a learning organization:

1. **A learning culture :** an organizational climate that nurtures learning, allowing quiet time for reflection on tasks performed, encouraging participation in forums to share experiences and giving people incentives to share and develop their knowledge with others. There is a strong similarity with those characteristics associated with innovation.

2. **Networking and self-organizing structures** : much learning takes place outside of the formal organization; staff participate in communities of practice; they self-organize into groups to enhance their personal and organizational knowledge.
3. **Processes** - processes that encourage interaction across departmental boundaries. These are infrastructure, development and management processes, as opposed to business operational processes.
4. **Tools and techniques** - methods that aid individual and group learning, such as creativity and problem solving techniques.
5. **Skills and motivation** - to learn and adapt; not to be satisfied with the *status quo*.

Here are some additional points on the first three of these.

1. LEARNING CULTURE

1. **Future, external orientation** these organisations develop understanding of their environment; senior teams take time out to think about the future. Widespread use of external sources and advisors e.g. customers on planning teams.
2. **Free exchange and flow of information** - systems are in place to ensure that expertise is available where it is needed; individuals **network** extensively, crossing organisational boundaries to develop their knowledge and expertise.
3. **Commitment to learning, personal development** - support from top management; people at all levels encouraged to learn regularly; learning is rewarded. Time to think and learn (understanding, exploring, reflecting, developing)
4. **Valuing people** - ideas, creativity and “imaginative capabilities” are stimulated, made use of and developed. Diversity is recognised as a strength. Views can be challenged.
5. **Climate of openness and trust** - individuals are encouraged to develop ideas, to speak out, to challenge actions.
6. **Learning from experience** - learning from mistakes is often more powerful than learning from success. Failure is tolerated, provided lessons are learnt (“learning from fast failure” - Peters).

These characteristics overlap those of a knowledge-enriching culture.

3. KEY MANAGEMENT PROCESSES

1. **Strategic and scenario planning** : approaches to planning that go beyond the numbers, encourage challenging assumptions, thinking ‘outside of the box’. They also allocate a proportion of resources for experimentation.
2. **Competitor analysis** : as part of a process of continuous monitoring and analysis of all key factor in the external environment, including technology and political factors. A coherent competitor analysis process that gathers information from multiple sources, sifts, analyses, refines, adds value and redistributes is evidence that the appropriate mechanisms are in place.
3. **Information and knowledge management** : using techniques to identify, audit, value (cost/benefit), develop and exploit information and knowledge as key corporate resources; extensive use of collaborative technologies and associated processes.
4. **Capability planning** : profiling both qualitatively and quantitatively the competencies that the organization needs for the future. Profiling these on a matrix can be helpful to planning changes in the workforce and emergent skill requirements.
5. **Team and organisation development** : the use of facilitators to help groups with work, job and organisation design and team development - reinforcing values, developing vision, cohesiveness and a climate of stretching goals, sharing and support.
6. **Performance measurement** : finding appropriate measures and indicators of performance; ones that provide a ‘balanced scorecard’ and encourage investment in learning (see, for example, Measuring Intellectual Capital).
7. **Reward and recognition systems** : processes and systems that recognize acquisition of new skills, team-work as well as individual effort, celebrate successes and accomplishments, and encourages continuous personal development.

4. TOOLS AND TECHNIQUES

There are numerous learning, creativity and knowledge-sharing tools and techniques that can be used to underpin day-to-day activities. Here are just a few, organized into the following categories:

1. Inquiry - interviewing and knowledge elicitation techniques, information searching
2. Creativity - brainstorming, associating ideas

3. Making sense of situations - systems thinking, organising information and thoughts, simulation, modelling
4. Making choices - decision trees, options analysis
5. Observing outcomes - recording, observation
6. Reframing knowledge - embedding new knowledge into mental models, memorizing

There are also some specific techniques and approaches that can be used to achieve collective learning (at team and organizational level):

1. Corporate ‘universities’ - focal points for learning, often with close links to a leading academic establishment
2. Learning resource centres - drop in centres where staff can access a range of learning resources
3. e-learning - bringing learning to the desktop, often in byte-sized chunks (a few minutes at a time) when the learner needs it - ‘just-in-time learning’
4. Sharing best practice - recording information in databases, using facilitators to draw out key findings
5. After Action Reviews (AARs) - a structured process for taking stock at a project milestone or at completion of an assignment
6. Storytelling - bringing the lessons from a situation alive in a more memorable format
7. Lessons learned databases - distillation of lessons structured according to context, objectives and other factors.

5. SKILLS AND MOTIVATION

Underpinning many of the above techniques are specific skills needed by participants if they are to achieve the maximum benefit. In particular, where sharing of implicit and tacit knowledge is concerned, assumptions and beliefs that are traditionally “beneath the surface” need to be uncovered. Key skills here are:

1. Communication, especially across departments, which may have their own jargon
2. **Active listening and observing** - not being afraid to interject with questions on basics
3. **Mentoring and supporting colleagues** - open dialogue without concern for appearing ignorant

4. **Taking a holistic perspective** - seeing the team and organization as a whole, rather than parochial interests
5. Coping with challenge and accepting uncertainty - not all the answers are known; ambiguity is tolerated up to a point.

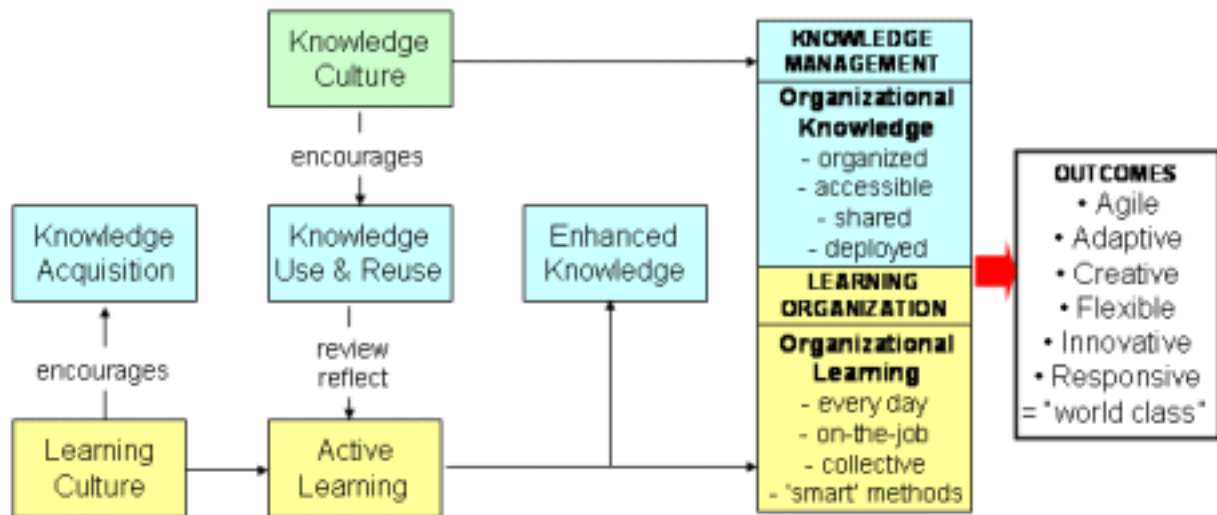
10.5 INITIATIVES FOR LEARNING ORGANIZATION

As with many 'interventions', there are many good places to start, depending on the specific context. Some ones often recommended are:

1. **Start at the top** - helpful to give an impetus
2. **Start with a chronic problem** - always a good place to get the thinking caps on
3. **Initiate a task force** - a common response, but they will need drive and vision
4. **Start with an organizational diagnosis** - HR and management consultants favour this one - guess why!
5. **Link to an existing process or initiative** - go where there is existing energy and 'pull' (see comments on knowledge management below)
6. **Review existing systems and processes** - a skills and/or training needs analysis to identify a 'capability' gap
7. **New Product Development** - offers a focussed project, often with new teams and an open outlook, in which to introduce some of the proven techniques

We particularly favor the latter. It is tangible, is an opportunity to be innovative, and needs a lot of 'boundary crossing' to succeed. It draws on many of the processes, tools and techniques to become effective at learning.

10.6 LEARNING AND KNOWLEDGE MANAGEMENT



It is a sad reflection on ‘silo’ mentalities that often Learning Organization and Knowledge Management are viewed as separate initiatives. After all, they often originate in different parts of the organization (typically HR / training for the former and IT / marketing / strategy etc. for the latter). However, in *Creating the Knowledge-Based Business*[2], knowledge management and organizational learning are described as being “two sides of the same coin”:

“Learning comes through creating and applying knowledge, whilst learning increases an individual’s and organization’s knowledge asset”

KM and LO are inter-dependent. The above diagram shows some of these linkages. For example, a disposition to learning encourages the acquisition and development both of personal and organizational knowledge, while KM provides the infrastructure and techniques to assimilate learning and enhance the quality of organizational knowledge. Today, learning is a key feature in many KM practices, such as After Action Reviews and sharing best practice. On the other hand KM can support learning activities, such as through the better classification, organization and management of e-learning modules on a corporate portal.

10.8 LEADERSHIP AND THE LEARNING ORGANIZATION

The term “learning organization”, not to be confused with organizational learning, was popularized by *Peter Senge*. It describes an organization with an ideal learning environment, perfectly in tune with the organization’s goals. Such an organization is a place “where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole (reality) together.”

This subsection will focus largely on the work of *Peter Senge*, and it will serve as a basis for better learning:

1. The ideal organizational environment for learning, knowledge management (KM), innovation, etc, as described through the term “the learning organization”.
2. The leadership qualities necessary for promoting and encouraging this ideal environment.

The three roles of leadership are as follows:

1. Leader as Designer: Senge likens this to being the designer of a ship rather than its captain. He defined it in three ways:

- Creating a common vision with shared values and purpose.
- Determining the “policies, strategies, and structures that translate guiding ideas into business decisions.”
- Creating effective learning processes which will allow for continuous improvement of the policies, strategies, and structures.

2. Leader as Teacher: The leader here is seen as a coach that works with the mental models present in the organization. He must understand the (usually tacit) concepts of reality and restructure these views “to see beyond the superficial conditions and events [and] into the underlying causes of the problems.”

3. Leader as Steward: This is the vaguest of the three and refers largely to the attitude of the leader. He emphasizes the importance of a leader that feels he is part of something greater; whose desire is first and foremost not to lead, but to serve this greater purpose of building better organizations and reshaping the way businesses operate.

The Role of Systems

It is our belief that many learning organization initiatives are high-jacked by the HR function or outside specialists. This should not be the case. Developing a learning organization is about **doing it from within** and taking a **holistic systems perspective**. MIS departments and IS professionals have a major contribution to make.

1. They have a systems approach and mind-set: a strong background in logical methods and process and are generally capable of developing creative solutions and holistic views.
2. they often provide some of the best project managers within an organisation, capable of co-ordinating multiple activities across several functions and involving significant change in work processes.
3. an information infrastructure that enables information flows, including networked connections between internal systems and access to external networks and databases
4. likely to be “early adopters” of important learning enabling technologies, such as groupware, computer conferencing, videoconferencing, Internet exploration, multimedia
5. have systems integration knowledge, essential aspect of making efficient connections between information, and more importantly knowledge

In conjunction with an information management / services function (of the library tradition rather than IT tradition) they play a key part in the management of information and knowledge resources. Providing the systems and processes for the management of knowledge and flow of information is, we believe, a crucial and underrated aspect of the learning organisation.

10.9 SHIFT FROM TRAINING TO LEARNING

A learning organization is not about ‘more training’. While training does help develop certain types of skill, a learning organization involves the development of higher levels of knowledge and skill. A model with four levels has been developed (4-level model):

Level 1.- Learning facts, knowledge, processes and procedures. Applies to known situations where changes are minor.

Level 2.- Learning new job skills that are transferable to other situations. Applies to new situations where existing responses need to be changed. Bringing in outside expertise is a useful tool here.

Level 3 - Learning to adapt. Applies to more dynamic situations where the solutions need developing. Experimentation, and deriving lessons from success and failure is the mode of learning here.

Level 4 - Learning to learn. Is about innovation and creativity; designing the future rather than merely adapting to it. This is where assumptions are challenged and knowledge is reframed.

Furthermore this can be applied at three levels - to the learning of individuals, of teams and of organisations. Organizations that achieve learning to Level 4 will “reinvent not just their organization but their industry”.

The shift from training to a learning approach is summarized in the following table

Training Focus	Learning Focus
Teacher-oriented	Student-oriented
Curriculum	Process
Training centre’s	On-the-job learning
Scheduled	As needed (any time, any place)
Input measures (e.g. training hours)	Outcome measures (e.g. overall performance)
Perceived as a cost	considered an investment
Accumulated knowledge	Applied knowledge

10.9 OBSTACLES TO BECOME A LEARNING ORGANIZATION

These are some of the most common obstacles to becoming a learning organization:

1. operational/firefighting preoccupation - not creating time to sit back and think strategically
2. too focused on systems and process (e.g. ISO9000) to exclusion of other factors (bureaucratic vs. thinking)
3. reluctance to train (or invest in training), other than for obvious immediate needs

4. too many hidden personal agendas
5. too top-down driven, over tight supervision = lack of real empowerment

Examples

Here are a few examples of how different organizations have embraced the Learning Organization approach in practice over the last couple of decades:

1. **Motorola University** : this is the learning division of Motorola and was responsible for developing the Six Sigma methodology for quality management. In the 1980s, the then CEO Bob Galvin recognized the importance of Motorola's employees "gaining timely mastery" in "mental processes". The emphasis of the university - still going strong today - is to distil knowledge and learning that is essential to day-to-day operations.
2. **US Army** : The US Army is renowned as the organization that developed After Action Reviews a key plank of its work. This "learning after doing" approach started around 1985 and is now a formal regulation (Army Regulation (AR) 11-33), backed up by guidance. Knowledge is extracted and codified from AARs by CALL (Center for Army Lessons Learned) and is turned into practice through military doctrine and ongoing training.
3. **Glaxo Wellcome (now Glaxo SmithKline)** : following the merger of Glaxo and Wellcome in 1995, a strategy reviewed identified the need for the company to become an effective learning organization. Its then CEO, Sir Richard Sykes, addressed a workshop of senior managers, with the remit to articulate what the concept meant in practice. As a result a number of learning and KM initiatives emerged including customer intimacy, a revised IT strategy (to give more focus to the needs of knowledge workers) and a revised reward and recognition system.
4. **Dow Chemical - Learn@Dow** is Dow's online e-learning system. Under the guiding principle that "training and knowledge should be available to every employee", a wide range of course modules is available online. Part of the stimulus was the need for culture change to transform a geographically spread and diverse company into an integrated global player. Early courses were on workplace responsibility and business ethics. Dow reports considerable savings over classroom tuition, but the main benefits are flexibility, control and convenience for the employee and a consistent quality of training output across the company.

- 5. BAe Systems - The Virtual University (VU)** at BAe Systems was developed as an intranet portal to help knowledge sharing across this global organization. It provides a focus for elearning and for sharing best engineering practice quickly. Making the interface intuitive and easy-to-use, as well as a rapid launch were crucial aspects of the project. But the key aspect of the project is that it brings together KM and LO in a cohesive way. The VU is the umbrella for many activities including links with academia, and access to a wide range of information databases and personal expertise (not just e-learning modules) through a standard interface that is customizable for different people and different work teams.

10.10NOTES

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10.11 SUMMARY

This unit throws light on the learning organization and its role in knowledge management. Organizations' in the present turbulent economic condition have to become learning organizations to overcome the hurdles and to meet their goals. The various phases in the formation of learning organisation has been described In today's vibrant market conditions even a bit of small complacency may lead to big problems. Learning organizations are formed because of strong leadership and commitment towards the stake holders.

10.12 KEY WORDS

Adaptive

Capability planning

Competitor Analysis

Holistic System

Personal Mastery

Shared Vision

10.13 SELF ASSESSMENT QUESTIONS

1. What is the importance of Learning Organizations?
2. Definition of Learning Organizations
3. Bring out the scope of The Learning Organization.
4. Explain the Characteristics of Learning Organization.
5. What are the Initiatives for Learning Organization?
6. What is the relation between Learning Organization and Knowledge Management?
7. Examine the importance of Leadership Learning Organization.
8. Why there is a Shift from Training to Learning? Explain the reasons.
9. Explain few Obstacles to Become Learning Organization

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UNIT-11: INSIGHT TO KNOWLEDGE MANAGEMENT

Structure :

- 11.0 Objectives
- 11.1 Introduction,
- 11.2 Different Types of Knowledge
- 11.3 Knowledge Management Frameworks and Models
- 11.4 Knowledge Sharing
- 11.5 Knowledge Creation
- 11.6 Notes
- 11.7 Summary
- 11.8 Key Words
- 11.9 Self Assessment Questions
- 11.10 Reference

11.0 OBJECTIVES

After studying this unit, you will be able to;

- Learn the Different Types of Knowledge
- Explain the Knowledge Management Frameworks and Models
- Examine the importance of Knowledge Sharing.
- Describe the process of creating knowledge and its use and reuse.

11.1 INTRODUCTION

Knowledge is the key to effective competition. The challenge for companies requiring participation in knowledge-intensive sectors of the global company is to organize themselves so that they can recognize that, for example, commercial knowledge is different in kind from philosophical and scientific knowledge. The aim is effective performance, not eternal truths since commerce is about the transitory. All commercial knowledge is social and is traded. In fact all companies have knowledge economies working within the organisation.

There are four stages-discerning knowledge, choosing a container, dissemination and the use made of the knowledge. Understanding how the stages operate in the company is essential to the successful knowledge management process. In addition, to be successful the process has to be explicitly supported, managed and measured. Knowledge actually comprises multiple networks or nodes of knowledge linked together. The four categories of knowledge are imperative or cultural, predictive or having a pattern, bound by rules and prescriptions for performance. All are tacit or shared, embodied in “raw” materials, mechanisms, business practices and processes and environment and culture, and will move from softer to harder forms of embodiment. To be useful, knowledge must be distributed; only that way can it increase company performance in the market place.

Knowledge management is the systematic underpinning, observatism, measurement and optimization of the company’s knowledge economies. All knowledge management programmes need to be focused on the income statement; how this is achieved will depend on the specific company culture, structure and aims. Commercial knowledge is useful only in proportion to its productivity in real commerce. Knowledge management is to an extent an issue of perception. It nonetheless requires an infrastructure-cultural, operational and technical. A Chief Knowledge Officer needs to

be appointed to manage the company's knowledge assets in much the same way as the CFO manages its capital.

Innovation begins, as shown by 3M's Post-It Note, with the construction of a new kind of knowledge within the firm. But the need is for repeated innovation with increasingly high levels of re-use. Business process re-engineering is a necessary precursor to innovation. This means that time-to-market and time-to-decide is the two most critical time metrics today. Too often the end of the process has been managed alone; it is now necessary to manage the front-end, market identification; product and service design. Knowledge management has a crucial role in this.

Without a formal system it is not possible to manage this process. It is therefore vital that companies which need an "unfair" share of knowledge workers offer a working environment amenable to those prospective employees. Otherwise they will not achieve the re-use levels required and lose market share to competition. Knowledge management systems capture rationale and mean that commercial success can be achieved.

11.2 DIFFERENT TYPES OF KNOWLEDGE

Understanding the different forms that knowledge can exist in, and thereby being able to distinguish between various types of knowledge, is an essential step for knowledge management (KM). For example, it should be fairly evident that the knowledge captured in a document would need to be managed (i.e. stored, retrieved, shared, changed, etc.) in a totally different way than that gathered over the years by an expert craftsman.

Over the centuries many attempts have been made to classify knowledge, and different fields have focused on different dimensions. This has resulted in numerous classifications and distinctions based in philosophy and even religion. Within business and KM, two types of knowledge are usually defined, namely explicit and tacit knowledge. The former refers to codified knowledge, such as that found in documents, while the latter refers to non codified and often personal/experience-based knowledge.

KM and organisational learning theory almost always take root in the interaction and relationship between these two types of knowledge. This concept has been introduced and developed by Nonaka in the 90's (e.g. Nonaka 1994) and remains a theoretical cornerstone of this discipline. Botha et al (2008) point out that tacit and explicit knowledge should be seen as a spectrum rather than as definitive points. Therefore in practice, all knowledge is a mixture of tacit and explicit elements rather than being one or the other. However, in order to understand knowledge, it is important to define these theoretical opposites.

Some researchers make a further distinction and talk of embedded knowledge. This way, one differentiates between knowledge embodied in people and that embedded in processes, organizational culture, routines, etc. it uses a scale consisting of represented-embodied-embedded knowledge, where the first two closely match the explicit-tacit.

Without question, the most important distinction within KM is between explicit and tacit knowledge. However, I find that the embedded dimension is a valuable addition, since the managerial requirements for this type of knowledge are quite different. For this reason, the discussions on this site will, when relevant, use all three categorizations of knowledge but the focus will always be primarily on the explicit-tacit dimension.

Below I present an overview of these three categories, as well as a short discussion on the way knowledge management systems (KMS) can/cannot be used to manage them.

Explicit Knowledge

This type of knowledge is formalized and codified, and is sometimes referred to as know-what. It is therefore fairly easy to identify, store, and retrieve. This is the type of knowledge most easily handled by KMS, which are very effective at facilitating the storage, retrieval, and modification of documents and texts.

From a managerial perspective, the greatest challenge with explicit knowledge is similar to information. It involves ensuring that people have access to what they need; that important knowledge is stored; and that the knowledge is reviewed, updated, or discarded.

Many theoreticians regard explicit knowledge as being less important. It is considered simpler in nature and cannot contain the rich experience based know-how that can generate lasting competitive advantage.

Although this is changing to some limited degree, KM initiatives driven by technology have often had the flaw of focusing almost exclusively on this type of knowledge. As discussed previously, in fields such as IT there is often a lack of a more sophisticated definition. This has therefore created many products labeled as KM systems, which in actual fact are/were nothing more than information and explicit knowledge management software. Explicit knowledge is found in: databases, memos, notes, documents, etc.

Tacit Knowledge

This type of knowledge was originally defined by Polanyi in 1966. It is sometimes referred to as know-how and refers to intuitive, hard to define knowledge that is largely experience based. Because of this, tacit knowledge is often context dependent and personal in nature. It is hard to communicate and deeply rooted in action, commitment, and involvement.

Tacit knowledge is also regarded as being the most valuable source of knowledge, and the most likely to lead to breakthroughs in the organization. Tried hard to link the lack of focus on tacit knowledge directly to the reduced capability for innovation and sustained competitiveness.

KMS have a very hard time handling this type of knowledge. An IT system relies on codification, which is something that is difficult/impossible for the tacit knowledge holder.

They imagined trying to write an article that would accurately convey how one reads facial expressions. It should be quite apparent that it would be near impossible to convey our intuitive understanding gathered from years of experience and practice. Virtually all practitioners rely on this type of knowledge. An IT specialist for example will troubleshoot a problem based on his experience and intuition. It would be very difficult for him to codify his knowledge into a document that could convey his know-how to a beginner. This is one reason why experience in a particular field is so highly regarded in the job market.

The exact extent to which IT systems can aid in the transfer and enhancement of tacit knowledge is a rather complicated discussion. For now, suffice it to say that successful KM initiatives must place a very strong emphasis on the tacit dimension, focusing primarily on the people involved, and they must understand the limitations imposed by computerized systems.

Tacit knowledge is found in: the minds of human stakeholders. It includes cultural beliefs, values, attitudes, mental models, etc. as well as skills, capabilities and expertise. On this site, I will generally limit tacit knowledge to knowledge embodied in people, and refer separately to embedded knowledge (as defined below), whenever making this distinction is relevant.

Embedded Knowledge

Embedded knowledge refers to the knowledge that is locked in processes, products, culture, routines, artifacts, or structures. Knowledge is embedded either formally, such as through a management initiative to formalize a certain beneficial routine, or informally as the organization uses and applies the other two knowledge types.

The challenges in managing embedded knowledge vary considerably and will often differ from embodied tacit knowledge. Culture and routines can be both difficult to understand and hard to change. Formalized routines on the other hand may be easier to implement and management can actively try to embed the fruits of lessons learned directly into procedures, routines, and products.

IT's role in this context is somewhat limited but it does have some useful applications. Broadly speaking, IT can be used to help map organizational knowledge areas; as a tool in reverse engineering of products (thus trying to uncover hidden embedded knowledge); or as a supporting mechanism for processes and cultures. However, it has also been argued that IT can have a disruptive influence on culture and processes, particularly if implemented improperly.

Due to the difficulty in effectively managing embedded knowledge, firms that succeed may enjoy a significant competitive advantage.

Embedded knowledge is found in: rules, processes, manuals, organizational culture, codes of conduct, ethics, products, etc. It is important to note, that while embedded knowledge can exist in explicit sources (i.e. a rule can be written in a manual), the knowledge itself is not explicit, i.e. it is not immediately apparent why doing something this way is beneficial to the organization.

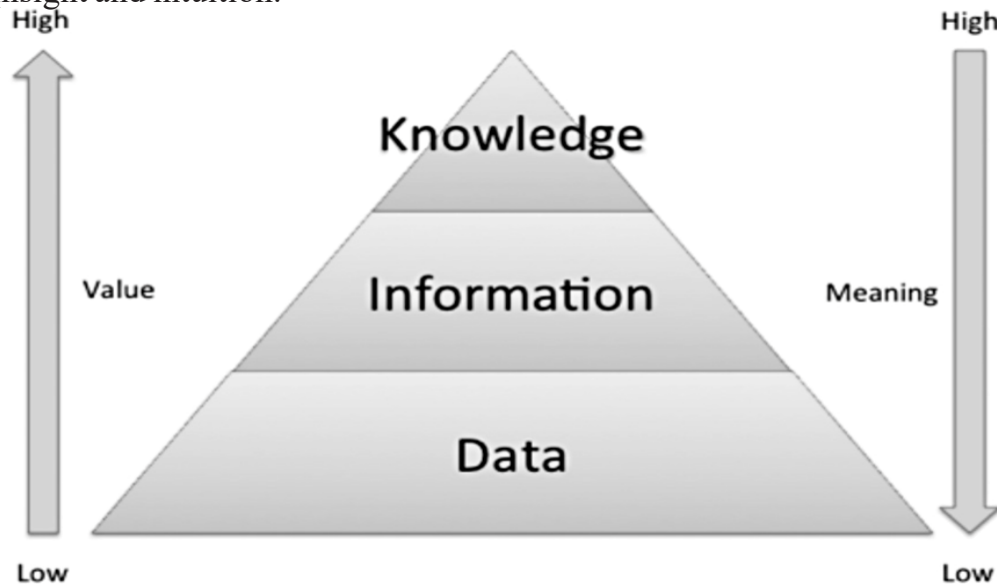


Knowledge Centric Organisation

A knowledge-centric organization is one in which multiple people, departments, and programs can use collective knowledge to advance organizational goals. A knowledge-centric organization creates a culture of learning and views knowledge as an institutional asset. Knowledge-centric organizations are able to gather and leverage disparate sources of data and information, and make knowledge a core value. More important, a knowledge-centric organization is not dependent on size, industry, or corporate structure but is an organizational philosophy and approach that will improve an organization's ability to survive and thrive in a knowledge society.

In order to understand how knowledge is created and managed within an organization, it is important to understand the relationships between data, information, and knowledge. These terms are often used interchangeably but are understood to be very distinct business terms each with specific uses as follows:

- ◆ DATA — Discrete facts and figures about objects, persons or events;
- ◆ INFORMATION — The analysis, processing, or classifying of data;
- ◆ KNOWLEDGE — The distillation of information to incorporate experience, values, insight and intuition.



This linkage of data, information, and knowledge is often described as a hierarchy wherein data create information, which in turn creates knowledge. In the hierarchical model, value and meaning are increased when moving from data to information to knowledge. Another common model shows the relationship as a linear progression,

treating data, information, and knowledge as a continually moving process rather than a hierarchy of diminishing amounts.

The key challenge facing arts organizations is that many organizations are not able to gather, collect, or report on even the fundamental data needed to inform their decision making. Without such basic data, the information and knowledge necessary to become a knowledge-centric organization cannot be created and the model in Figure. The primary barriers to this include a lack of internal capacity, leadership that does not embrace the use of technology and metrics, and a compartmentalized staffing structure that inhibits sharing and collaboration. These barriers are further exacerbated by an overall lack of data-driven mindsets in many arts organizations. Overcoming these challenges will provide organizations with the ability to address the continually changing and evolving social and economic landscape.

11.3 KNOWLEDGE MANAGEMENT FRAMEWORKS AND MODELS

At this stage we have had a look at the components and definitions that related to knowledge management (KM). This section deals with knowledge management frameworks and models. The old saying that a picture paints a thousand words is very much applicable in this case. A good model can integrate various elements and show relationships in a way that is much harder to do in writing. But first, what are the components of a knowledge management framework? At the most basic level, KM consists of the following steps:

1. Identification of needs
2. Identification of knowledge resources
3. Acquisition, creation, or elimination of knowledge related resources/processes/environments
4. Retrieval, application and sharing of knowledge
5. Storage of knowledge

It is important to note that none of these processes are independent and all of them are affected by countless factors. This is why knowledge management frameworks are typically very different and can be presented in a wide variety of ways.

For instance, some models are sequential (as above), and seek to provide a better overview at the expense of “realism”. Other models display overlapping processes in an attempt to simulate what actually occurs inside an organization. The problem with the

latter is that they are often hard to grasp and can only convey limited information so as not to become incomprehensible. In the following section I will provide examples of both.

Since KM is closely related or dependant on other disciplines (such as strategy, information management, project management, etc.) and it is enabled by a wide range of processes and systems, a model can become very complex indeed.

This is why there is no such thing as an integrated and fully detailed knowledge management framework, i.e. one that captures all relevant aspects with appropriate detail. Each model must choose its focus and origin, as well as its limitations.

There are essentially three questions that a knowledge management framework may choose to answer:

- ◆ What/How
- ◆ Why
- ◆ When

“What/how” refers to the actual processes of knowledge management.

“Why” refers to an indication of the reasons behind using one method or the other.

“When” refers to the timing for using one method or another, and is very closely related to “why”.

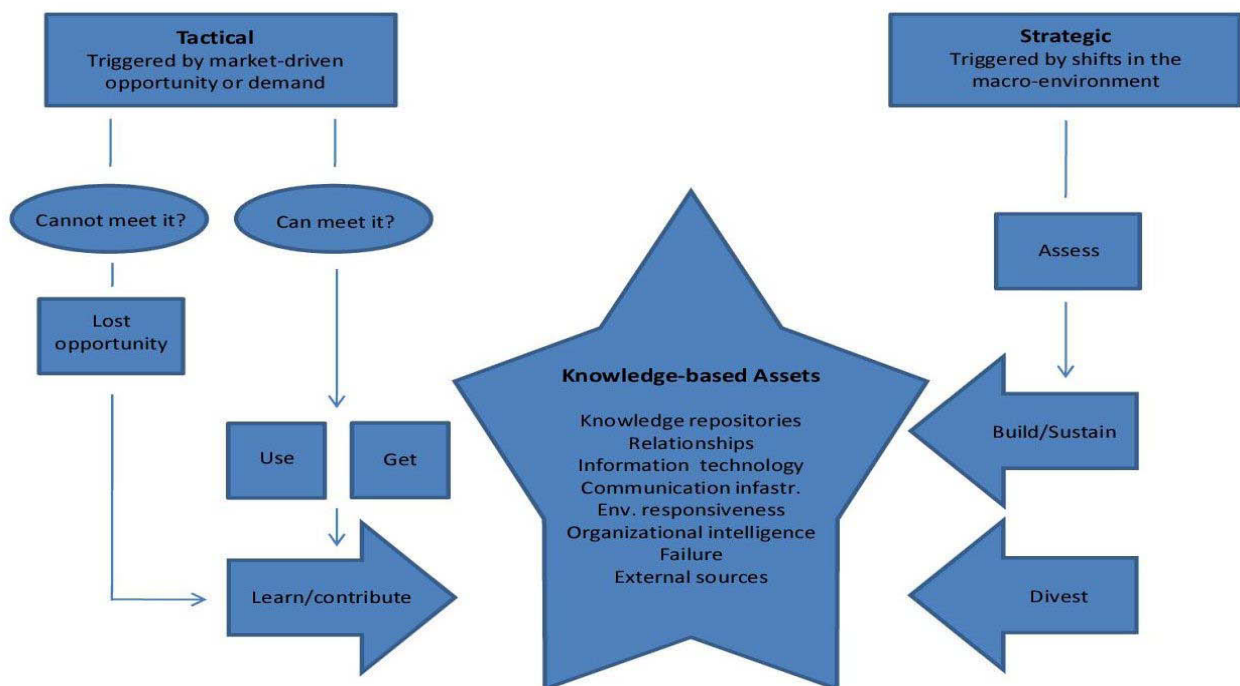
The latter two questions are usually tackled in more strategic oriented models that take a broader perspective. What/how is usually dealt with in process oriented models that focus on an understanding of the tools available to the manager. These kinds of models are generally more common particularly since the role of knowledge management can be defined far more narrowly than I have chosen to do on this site.

In the following section I will examine a few solid KM models dealing with all the aspects I have discussed above. However, before I conclude, I will present a very useful framework outlined by Botha et al (2008) titled the “knowledge management broad categories”.

You don't know	Knowledge Discovery	Explore, Research, Create
You know	Knowledge Repository (Knowledge Base)	Knowledge Sharing and Transfer
	Knowledge you have	Knowledge you don't have

Here, one can see the role of knowledge management from a broad perspective (very similar to the one adopted on this site), i.e. which includes more than just knowledge sharing/access/etc, but also new knowledge creation. These categories provide a solid overview of the components of any knowledge management framework focusing on the what/how question.

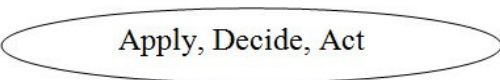
THE KM PROCESS FRAMEWORK BY BUKOWITZ AND WILLIAMS



This KM model depicts the process that defines the strategy for management to build, divest, and enhance knowledge assets. It is a model that emphasizes the “why” and “when” aspects. The strengths of this model rest on its strategic focus, which essentially puts knowledge management action into context. It is also worth noting that the notion of “divestment” is included - something which is often missing from KM models.

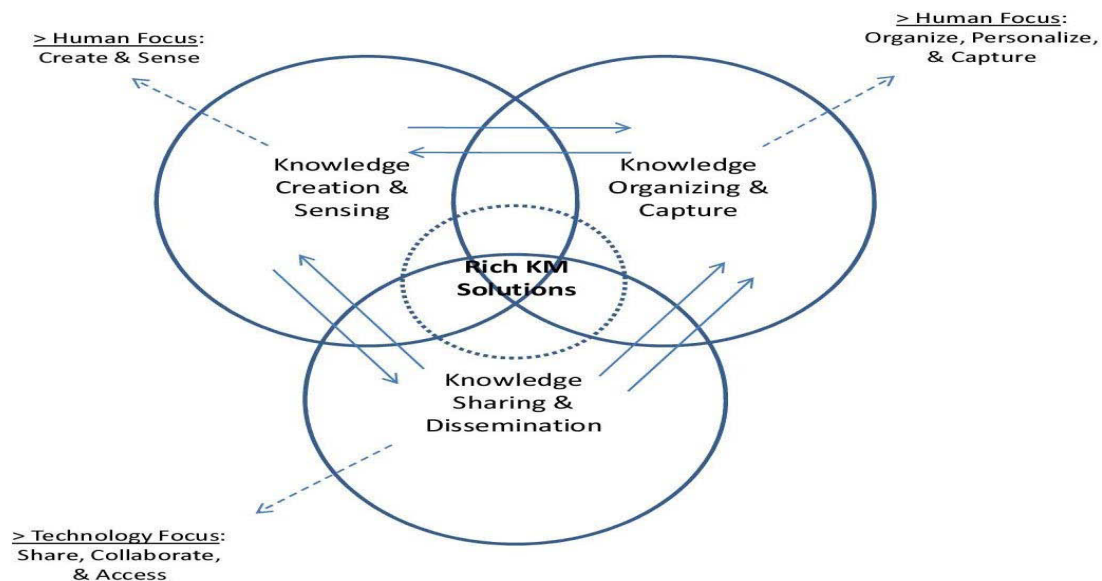
KM initiatives are the result of the response to tactical and strategic changes and needs. The model provides a great overview of the strategy behind KM but it does not include any deeper insight into what initiatives are suitable in a given instance.

The KM Matrix by Gamble and Blackwell

Type Approach	Embodied	Represented	Embedded
Sense	Observe	Gather	Hypothesize
Organize	Contextualize	Categorize	Map
Socialize	Share	Disseminate	Simulate
Internalize			

This KM model presents a general theoretical framework, as well as specific guidelines for implementation.. The KM process is split into four stages. First management must locate the sources of knowledge. Then they must organize this knowledge so as to assess the firm’s strengths and weaknesses and determine its relevance and reusability. This is followed by socialization, where various techniques are used to help share and disseminate it to whomever needs it in the organization. Finally, the knowledge is internalized through use.

As all sequential models, the steps are not to be taken literally, but they do provide an excellent overview of the role of the KM manager. However, one limitation of this model is its focus. First of all, the overall strategic role outline by Bukowitz and Williams is not included. Secondly, KM’s role here is limited to knowledge sharing, omitting the processes of knowledge acquisition/creation and divestment. This is a perfectly legitimate approach to KM where the focus is on the sharing and retrieval of existing knowledge, but it does not fulfill the scope of the knowledge management definition outlined on this site.



This model attempts to offer a more realistic overview of the KM process. The three broad categories overlap and interact with one another. Like Gamble & Blackwell, the focus is on managerial initiatives. Here too the strategic focus (the “when” and the “why” as opposed to the “what”) is omitted. It is noteworthy that this model does include the creation of new knowledge as a specific KM initiative.

The model further shows which of the three categories are more people oriented and which are more technology focused. Whether or not knowledge sharing should be largely technology focused is certainly debatable and it is something that I will address in future sections. However, for better or for worse, this is largely how organizations tend to approach the issue i.e. as a technological rather than organizational and social challenge.

We have now looked at three models that take very different approaches to KM. There is one other important aspect relating to KM that has not been directly dealt with by these models. I am referring now to the measurement of effects that lets management know whether the implemented initiatives are achieving the desired results. This is dependent upon data and information management, but is paramount for future KM initiatives.

Knowledge Management Processes

This section will deal with the actual knowledge management processes. So far, I have presented an introduction to knowledge management as well as several frameworks.

Now it is time to talk about the different processes and initiatives. This section, as well as the subsequent one on knowledge management strategy, will be structured according to the layout of the integrated knowledge management model presented earlier. Under the initiative referred to as “act”, the integrated model outlines a series of knowledge management processes. They will be used as headings for the subsections presented here, and can be accessed through the menu on the left. These are:

- Knowledge Discovery & Detection
- Knowledge Organization & Assessment
- Knowledge Sharing
- Knowledge Reuse
- Knowledge Creation
- Knowledge Acquisition

◆ **Knowledge Discovery and Detection**

This step deals with discovering the knowledge that a firm possesses all over the organization, as well as the patterns in the information available that hide previously undetected pockets of knowledge.

Once knowledge is created, it exists within the organization. However, before it can be reused or shared it must be properly recognized and categorized. This subsection deals with the former aspect, while the following subsection deals with the latter.

1. Explicit Knowledge: This is largely a process of sorting through documents and other records, as well as discovering knowledge within existing data and knowledge repositories. For the latter, IT can be used to uncover hidden knowledge by looking at patterns and relationships within data and text. The main tools/practices in this case include intelligence gathering, data mining (finding patterns in large bodies of data and information), and text mining (text analysis to search for knowledge, insights, etc.). Intelligence gathering is closely linked to expert systems (Bali et al 2009) where the system tries to capture the knowledge of an expert, though the extent to which they are competent for this task is questionable (Botha et al 2008).

2. Tacit knowledge: Discovering and detecting tacit knowledge is a lot more complex and often it is up to the management in each firm to gain an understanding of what their company’s experts actually know. Since tacit knowledge is considered as the most valuable in relation to sustained competitive advantage, this is a crucial step, a step

that often simply involves observation and awareness. There are several qualitative and quantitative tools/practices that can help in the process; these include knowledge surveys, questionnaires, individual interviews, group interviews, focus groups, network analysis, and observation. IT can be used to help identify experts and communities. Groupware systems and other social/professional networks as well as expert finders can point to people who are considered experts, and may also give an indication of the knowledge these people/groups possess.

3. Embedded knowledge: This implies an examination and identification of the knowledge trapped inside organizational routines, processes, products etc, which has not already been made explicit. Management must essentially ask “why do we do something a certain way?” This type of knowledge discovery involves observation and analysis, and the use of reverse engineering and modeling tools.

It is important to note that the sources of knowledge that a firm has access to may extend well outside the organization. This type of knowledge, which was introduced in the previous subsection on “Understanding Organizational Knowledge” is called extra-organizational knowledge. This can exist in both formal and informal settings. The former refers to management driven initiatives like partnerships, while the latter refers to the informal networks of individual members. We are interested in the former, which can be located and managed at least to some degree. Gamble and Blackwell identify several such sources:

- Alliances
- Suppliers
- Customers

At this stage, we are still only discussing knowledge discovery and detection, so these relationships will not be explored in detail (see knowledge acquisition and external knowledge networks for more). Knowledge from alliances and partners can exist in joint projects, shared knowledge/experts operational data and so on. Suppliers and customers can provide product feedback, trends, developments etc. Within their respective limitations, similar tools as above can be used to identify the knowledge and/or knowledge sources. IT can be used in this context both as a means of feedback, communication, and cooperation between partners, and also as a way to gather, analyze, and “mine” data and information.

Facilitating Knowledge Discovery and Detection

Useful to this process is the adoption of practices that make knowledge easier to detect. For example, teams could be asked to document aspects of their work with a certain language and presentation standard. Generalists could be used to help organize this process, as well as to document the expertise of the individual team members (which can be used later to promote tacit knowledge socialization). A rundown of how management should prepare knowledge in specific situations is presented in the final segment of the Knowledge Reuse subsection.

◆ **Knowledge Organization & Assessment**

The idea that firms should categorize their knowledge assets is not a new. In order to determine what resources they have at their disposal and to pin point strengths and weaknesses, management needs to organize the knowledge into something manageable. Knowledge organization involves activities that “classify, map, index, and categorize knowledge for navigation, storage, and retrieval”. This may be a knowledge manager or it may also be the actual producer of the knowledge. The point is, that in order for knowledge to be shared (either for reuse in a business situation or as a tool for knowledge creation), it must be prepared in such a way that it can be identified, retrieved, and understood by the knowledge user.

1. Explicit knowledge organization: IT is generally encouraged as a means of organizing and retrieving. IT based systems use taxonomies and ontologies to classify and organize knowledge and information (Bali et al 2009). These are categorization methods that create a logical, hierarchical knowledge map, allowing the user to navigate by category. However, taxonomies are very expensive to create (Botha et al 2008). It is relevant to note here that although explicit knowledge is not considered as valuable as tacit knowledge, due to its sheer volume, an effective method of classification and retrieval is often essential. Other tools include libraries and data marts.

2. Tacit knowledge organization: Use of focus groups, expertise guides, social network analysis, and knowledge coordinators (Gamble and Blackwell 2001 and Liebowitz 2009). The role of the latter is to understand in which context the tacit knowledge was created. Expertise locators, such as corporate yellow pages, social network analysis and other knowledge maps can be used to pinpoint the location and categorize the valuable expertise of tacit knowledge sources (a.k.a. experts). They can also shed light into how widespread certain tacit knowledge is, enabling the firm to plan ahead for the retirement of key employees.

3. Embedded knowledge organization: Job/workplace design, workflow analyses and performance measures (Gamble & Blackwell 2001) can be used to organize and assess embedded knowledge. Mapping is also useful here, and knowledge maps outlining embedded knowledge can be formulated under the guidance of knowledge brokers .

Liebowitz emphasizes the determination of how important certain knowledge is to the organization. The two key factors to examine are knowledge severity or criticality and knowledge availability. The more critical the knowledge and the more unavailable it is (e.g. if only one or a few experts exist and/or if they are near retirement age), the more attention this knowledge deserves.

Knowledge organization and assessment can seem like an expensive endeavor, particularly since the return on investment is indirect. In other words, there is little visible gain from meticulously classifying and organizing knowledge assets. However, it is an important step in the knowledge management and reuse process. As discussed in the subsection on knowledge detection, the organization can put systems in place that facilitate the detection and organization of knowledge. These depend on the situation within which the knowledge was created, and the possible recipients. A closer look at this specific aspect is presented in the recommendations segment of the knowledge reuse subsection.

11.4 KNOWLEDGE SHARING

As stated earlier, knowledge management is fundamentally about making the right knowledge or the right knowledge sources (including people) available to the right people at the right time. Knowledge sharing is therefore perhaps the single most important aspect in this process, since the vast majority of KM initiatives depend upon it. Knowledge sharing can be described as either push or pull. The latter is when the knowledge worker actively seeks out knowledge sources (e.g. library search, seeking out an expert, collaborating with a coworker etc.), while knowledge push is when knowledge is “pushed onto” the user (e.g. newsletters, unsolicited publications, etc). Knowledge sharing depends on the habit and willingness of the knowledge worker to seek out and/or be receptive to these knowledge sources. The right culture, incentives, and so on must therefore be present. In the rest of this section I will discuss the concepts of knowledge sharing according to the different types of knowledge. The role of IT will also be explored and discussed from a general perspective.

Explicit Knowledge and Knowledge Sharing

Successful explicit knowledge sharing is determined by the following criteria (Bukowitz and Williams 1999):

1. **Articulation:** The ability of the user to define what he needs.
2. **Awareness:** Awareness of the knowledge available. The provider is encouraged to make use of directories, maps, corporate yellow pages, etc.
3. **Access:** Access to the knowledge.
4. **Guidance:** Knowledge managers are often considered key in the build-up of a knowledge sharing system (Davenport & Prusak 2000, Gamble & Blackwell 2001). They must help define the areas of expertise of the members of the firm, guide their contributions, assist users, and be responsible for the language used in publications and other communication material. This is so as to avoid an information/knowledge overload.
5. **Completeness:** Access to both centrally managed and self-published knowledge. The former is often more scrutinized but takes longer to publish and is not as hands-on (and potentially relevant). Self-published information on the other hand runs the risk of not being as reliable.

IT systems have proved extremely useful in aiding or performing many of these functions.

Explicit Knowledge Sharing and IT

IT is useful in most stages of the knowledge sharing process, and it is used for content management as well as data and text mining (looking for hidden knowledge, relationships, etc. within data and documents). Content management systems are used to update, distribute, tag, and otherwise manage content. They may include a wide range of functions, including web content management and document management systems (which I consider separately). They may be used to:

1. Import and create documents and multimedia material.
2. Identify key users and their roles.
3. Assign roles and responsibilities to different instances of content categories or types.
4. Define workflow tasks. Content managers can be alerted when changes in content are made.

5. Track and manage multiple versions of content.
6. Publish content to a repository to support access. Increasingly, the repository is a part of the system, incorporating search and retrieval.

Document management systems use numerous advanced indexing, searching, and retrieval mechanisms (e.g. using Meta data or content from the actual document) to facilitate explicit knowledge sharing.

To take advantage of all of these functions, it is a foregone conclusion that the system was chosen and implemented appropriately. This aspect is discussed in the section on knowledge management systems.

All in all, IT is a very useful tool in the management of explicit knowledge and information. This is not to say that humans no longer play a part. They certainly do, and knowledge and content managers are instrumental in ensuring that the knowledge is relevant, up to date, and presented correctly.

Explicit Knowledge Sharing Systems Yield Competitive Advantage

For the actual storage and retrieval, there is very little disagreement on the value of IT as a means of sharing, sorting, and accessing explicit knowledge. KM and organizational learning theorists have sometimes downplayed the value of explicit knowledge and focused largely on tacit knowledge. However, it has also been argued that in a world where we have an overflow of explicit knowledge and information, the ability to manage it, and thus to provide continuous streams of relevant knowledge and information, can be a source of competitive advantage in itself (Maier 2002, Botha et al 2008). The latter view appears to be gaining support, although one important point should be considered: explicit knowledge management systems are quite transparent and therefore fairly easy to replicate. This means that they cannot be the source of sustained long term competitive advantage. All this being said, in most cases, implementing a solid system that enables explicit knowledge sharing is crucial for the following reasons:

1. Not doing so would almost certainly become a source of competitive disadvantage (for lack of a better word).
2. They may well provide a short term advantage, which may be extended through continuous improvements and new technologies.
3. With proper care, such systems will also play a limited role in the sharing of tacit knowledge, as will be discussed in the next section.

Tacit Knowledge Sharing

Sharing tacit knowledge requires socialization. This can take many different forms.

1. Informal networks, which involve the day to day interaction between people within work environments are considered very important
2. Unlike the formalized structure of the firm, these networks span functions and hierarchies. They are therefore difficult to identify and monitor.
3. Management should support these networks by providing the means for communication. Japanese firms have created talk rooms where employees can engage in unstructured, unmonitored discussions. A specific location is useful but not mandatory - this process also occurs in cafeterias etc. Management must simply provide the means for employees to foster informal networks and “trade” tacit knowledge.
4. Management must also understand the value of chaos. This refers to the value of unstructured work practices that encourage experimentation and social interaction. Within a more chaotic environment, individuals are given the freedom to solve problems creatively and, in so doing, must tap into and evolve their social networks. This is closely linked to the notion of theory in use vs espoused theory. The value of less structured work environments are also well known within innovation management.

Codification of tacit knowledge is difficult and sometimes outright impossible. There will often be a resulting knowledge loss. Often, it is much more reasonable to simply externalize the sources of tacit knowledge rather than the knowledge itself. This means that often it is better for experts to externalize what they know rather than how they know it. The main role of KM then becomes making sure that experts can be found so that tacit knowledge can be passed on through practice, mentoring, and networking (socialization), and that the firm supports and encourages the networking that is necessary for these functions to occur.

To share tacit knowledge requires a culture conducive to this type of sharing. Furthermore, knowledge managers (generalists that understand the types of knowledge that exist in the communities) must be used to locate and translate knowledge elements, thus facilitating their integration into other communities. This endeavor is very much about people and managing organizational culture change.

Tacit Knowledge Sharing and IT

IT oriented approaches often place undue focus on externalization (Swan et al 2002). Due to the context specific nature of tacit knowledge, and due to the fact that much of it cannot be codified, externalization should sometimes not be attempted. In this context, IT is perhaps best as an expertise locator.

However, in some cases IT can be of some limited use as a forum for externalization of tacit knowledge. For example, groupware systems that support brainstorming can help in the codification process (Botha et al 2008). Online discussion databases and forums can also be sources of externalized knowledge (Botha et al 2008), although the richness of this knowledge should be questioned.

While IT is crucial for information management, it is important not to confuse information with knowledge. Using IT to move tacit knowledge is difficult since knowledge represents the shared understanding and the sense making that is deeply rooted in the social practice of the community. The focus for the successful sharing of tacit knowledge must be on social interaction, problem solving, mentoring, and teaching.

IT's contribution to OL therefore depends on its fit to the social context of the communities. Technology must not be seen as the superior solution and should not be used to structure organizational practice (at most to supplement it). There is also the danger that IT may limit the participation of some members of the community. It may make it more difficult for individuals to become accepted members of the community by limiting socialization channels. The challenge is to extend the reach of communication without sacrificing reciprocity in regards to knowledge sharing or socialization.

The management of tacit knowledge has traditionally been a pitfall of IT driven KM, and something that designers and manufacturers have not been adequately versed in - particularly in the 1990s. The current situation still sees the subject divided between those who take a technologically-centric view and those who take a people-oriented approach (Bali et al 2009). Increasingly however, the limitations of IT are being recognized in this context, as well as in related disciplines such as knowledge creation.

The role of IT for tacit knowledge sharing can thus be summarized as follows:

- 1. As an expert finder:** To located the source of the tacit knowledge through systems like corporate yellow pages.
- 2. As providing limited support in the socialization of tacit knowledge:** If IT systems support varied, formal and informal forms of communication then they

can help tacit knowledge sharing by supporting teams, projects, communities, etc. Functions like being able to attach notes to documents, or video conferencing can support work environments over long distances to some degree. It is very important to realize though that if one replaces existing socialization functions with IT, this can backfire and become outright detrimental to the firm's efforts.

3. **As providing limited support in the externalization of tacit knowledge:** Through groupware applications that support the codification process, discussion forums etc. However, not only is this aspect limited, but externalization itself is only rarely feasible.

Embedded Knowledge Sharing

As a reminder, embedded knowledge refers to knowledge locked in products, processes, routines, etc. Embedded knowledge can be shared when the knowledge from one product or process is incorporated into another. Management must understand what knowledge is locked within those sources, and they must transfer the relevant parts into a different system. To do this, Gamble and Blackwell advocate the use of:

- ◆ **Scenario planning:** The practice of creating a set of scenarios and hypothesizing how they might unfold by drawing upon the perspectives of experts, the firm's knowledge asserts, and so on. For more on this see here [After action reviews](#): "is a structured review or de-brief process for analyzing *what* happened, *why* it happened, and *how* it can be done better".
- ◆ **Management training:** Embedded knowledge could theoretically be transferred as is, simply by testing the effects of procedures or design features transferred from one area to another. However, often it will have to be made explicit, or partially explicit, at least to the responsible managers. This way they can hypothesize the effects that embedded knowledge has in a given situation and use simulation and experimentation to implement it in a new area.

Beyond the knowledge mapping functions described in the subsection on organization and assessment, IT's use is usually more indirect. It can be used as support in the design of simulations, experiments, and product design, and it can also provide modeling tools used in reverse engineering of products. However, these tools are not typically considered as being knowledge management systems and are thus beyond the scope of this website.

One direct role of IT systems is as an embedded knowledge repository where procedures, guidelines, etc are stored and retrieved. If implemented properly, with the

IT system complementing rather than disrupting existing processes and culture, then it can support practices and routines, and eventually become an embedded knowledge artifact in its own right.

◆ **Knowledge Reuse**

In previous subsections, I have identified how knowledge is identified, organized, and shared. These issues were discussed from a broad perspective, relevant to both knowledge reuse and knowledge creation (as will be discussed later). In this subsection, I will look at the specific situations involved in knowledge reuse and discuss the different managerial challenges. At the end I summarize the findings and present recommendations.

In this subsection I will focus primarily on the explicit and tacit knowledge distinctions as defined in the subsection on the different types of knowledge.

Three Roles for Knowledge Reuse

Roles in the reuse of knowledge:

1. **Knowledge producer:** The original creator of the knowledge
2. **Knowledge intermediary:** The one who packages and prepares the knowledge so that it may be stored, retrieved, and shared. This may involve any number of functions such as indexing, categorization, standardizing, publishing, mapping, etc.
3. **Knowledge consumer:** The person who is the recipient and user of the knowledge in question.

As Markus points out, these three functions may involve different people or they may all be done by the same person. e.g. knowledge reuse by a person accessing the documented (explicit) research of someone in a different part of the organization requires that the producer created the documents, that either he or someone else prepared them so that they may be understood and retrieved, and that the knowledge consumer retrieved and used it. In other words the roles were filled by two or three people and the process included explicit knowledge capture and sharing across the organization. Alternatively, in another scenario someone may want to use their own documentation later on. This process involves just one person in all three roles and the only function performed is capturing the knowledge in a way that will allow retrieval at a later point.

I would add that for tacit knowledge, the role of intermediary could be defined as the expert himself - since he must present the knowledge (through practice and socialization) in a useable way to his student, team mates, etc. It may also fall upon the person who identified this expert and made it possible for others to reach him, e.g. if a

knowledge manager creates an expert profile for publishing on the intranet; this way, the knowledge manager creates an explicit account of what the expert knows rather than promoting externalization of the knowledge itself.

To sum up, someone has to produce the knowledge, someone has to make this knowledge available, and someone has to search for and use this knowledge. This implies not just the capability, but also the willingness to share, to search, and to retrieve.

Knowledge Reuse Situations

Fruchter and Demian (2002) identify two very general types of knowledge reuse:

1. Internal: Where the knowledge producer uses his own knowledge at some future point.

2. External: Where the knowledge consumer uses someone else's knowledge. The authors point out that the latter has a much higher failure rate for reasons that include the loss of contextual knowledge and information, and knowledge that is not properly captured due to the costs involved. A more detailed framework is offered by Markus (2001) who identifies four knowledge reuse situations. These are defined below, drawing also upon the work of Timbrell and Jewels (2002) who found support for Markus's work through their study. The recommendation segments also draw upon some of the issues discussed under knowledge-sharing, as well as some of my own insights.

3. Shared Work Producers: People working in teams producing knowledge for their own reuse. They are closest in knowledge-distance. They generally will have a good understanding of what they need and where to find it (including both documents and experts). Knowledge reuse will however be harder within cross functional teams. Markus also warns that the rationale for the decision making is often forgotten. They need knowledge about how/what/why it was done, what improvements could be made.

4. Shared Work Practitioners: People who perform similar work in different settings (e.g. same position in different locations). Knowledge is produced for someone else's use. Defining the knowledge needs is usually easy, as is locating the right experts within the network (which is used frequently). Basically, they need to know how to do something or why something works.

5. Expertise-Seeking Novices: People who seek out knowledge they do not normally work with. They are furthest in knowledge-distance. They have great difficulty "defining the questions, locating and judging, the quality of the knowledge sources, and applying the expertise." (Timbrell & Jewels 2002).

6. Miners Secondary Knowledge: People who try to find knowledge in work produced in different contexts, so as to apply it in other situations. The knowledge and context of the consumer may be very different to the producer. The main challenge here is defining the question. Often requires complex search algorithms which are hard to create (such as those used within text and data mining).

Problems and Recommendations for Managing knowledge reuse

In the article above, I presented several situations of knowledge re-use that have different advantages, disadvantages, and requirements. I also discussed some general issues that affect the process of reuse.

Drawing upon the work thus far, and bringing in the knowledge sharing issues discussed in the previous subsection, the managerial issues regarding knowledge reuse can be summarized as follows:

1. Cost:

The time and money necessary to organize, package, store, and retrieve the knowledge. This is particularly true in the cases when tacit knowledge is externalized into explicit knowledge such as documents. A great deal of cost is associated with capturing context (something that is often impossible) and with preparing the document for retrieval. Even with IT, the latter includes categorization, summarizing, use of metadata, etc. Content management is also necessary to check language and presentation, and also to keep the repositories relevant and up to date. The cost associated with the re-use of tacit knowledge involves setting up the right circumstances for it to take place e.g. teams, mentoring, teaching, projects, etc, as well as the systems that support communication and expertise location.

2. Specific requirements of specific individuals and groups:

Presented in Markus's four roles above. Management must be aware of the different requirements, and support each situation accordingly. Articles on knowledge reuse are still dominated by IT theories which focus largely on organizing, presenting, and retrieving explicit knowledge. Again, I draw the reader's attention to the importance of socialization and informal networks, which serve as the backbone of the sharing of rich tacit knowledge (expertise). Below I present the recommendations for each re-use category, drawing again on the work of Markus (2001), on the knowledge sharing principles outlined in the previous subsection, as well as some of my own insights.

3. Shared work producers, recommendations:

For explicit knowledge, try to maintain context; pay attention to indexing, categorization, and other search related functions; document rationale behind the knowledge. For cross-functional teams assign a generalist to bring the knowledge together and to ensure consistency. For tacit knowledge support communication and informal networks (e.g. between former team members). For cross-functional teams, use the generalist to help define non-codified tacit expertise with individual team members. Record this expertise together with the individual team roles.

4. Shared work practitioners, recommendations:

If explicit, decontextualize knowledge and provide all relevant information regarding indexing, searching, and relevance. Use knowledge push to make potential recipients aware of it. For tacit knowledge, create the right situations for socialization, e.g. teamwork, projects, informal communication, etc. Use IT as an expertise locator and communication support, but understand its limitations in tacit knowledge transfer.

5. Expertise-seeking novices, recommendations:

For explicit knowledge decontextualize knowledge but support recontextualization in the context used by the novice. For both knowledge types, try to codify the contents of the knowledge source e.g. by defining the content of a document or the knowledge of an expert. Provide awareness training. For tacit knowledge do as for shared work practitioners.

6. Miners Secondary Knowledge:

Record context information such as metadata. Provide relevant training regarding knowledge, data, and information repositories, as well as analysis and search techniques. Implement IT systems that match the needs of the consumer e.g. data mining and analysis tools, text mining tools, etc.

7. Willingness:

Both to package knowledge on the part of the producer or to seek it out on the part of the consumer. This brings us back to issues like culture, which promote knowledge reuse and knowledge sharing. The cultural aspect will be dealt with in the section on organizational culture change.

11.5 KNOWLEDGE CREATION

The ability to create new knowledge is often at the heart of the organization's competitive advantage. Sometimes this issue is not treated as part of knowledge management since it borders and overlaps with innovation management (Wellman 2009). Since I chose a broader knowledge management definition, I very much regard it as a part of the process, and I will refer (albeit superficially) to some theories that pertain to innovation.

Knowledge creation according to the Nonaka's SECI model is about continuous transfer, combination, and conversion of the different types of knowledge, as users practice, interact, and learn. Cook and Brown (1999) distinguish between knowledge and knowing, and suggest that knowledge creation is a product of the interplay between them. The shift in condition between the possession of knowledge and the act of knowing - something that comes about through practice, action, and interaction- is the driving force in the creation of new knowledge. Furthermore, in order for this interplay to be most fruitful, it is important to support unstructured work environments in areas where creativity and innovation are important.

Knowledge sharing and knowledge creation thus go hand in hand. Knowledge is created through practice, collaboration, interaction, and education, as the different knowledge types are shared and converted. Beyond this, knowledge creation is also supported by relevant information and data which can improve decisions and serve as building blocks in the creation of new knowledge.

Managing Knowledge Creation

The role of management in the knowledge creation process is thus as follows:

1. To enable and encourage knowledge sharing:

On the tactical side, as described in the previous subsection, management must understand where and in what forms knowledge exists. They must then provide the right forums for knowledge to be shared. For tacit knowledge this implies a particular emphasis on informal communication, while for explicit knowledge this implies a focus on a variety of IT systems. On the strategic side (to be discussed in-depth later), management must create/design the right environments, processes, and systems that provide the means and willingness for it to take place.

2. To create a suitable work environment:

This includes the notion of creating an interplay between knowledge and knowing. It implies offering relevant courses and education, but most importantly allowing new knowledge to be created through interaction, practice, and experimentation. Botha et al (2008) point to the importance of shared experiences in the knowledge creation process when dealing with tacit knowledge, and the need for an environment where these can be formed. March (1988) discusses how our cultural norms often stifle innovation and new knowledge creation. He advocates environments where we recognize that goals can be created through action, where intuition is accepted and valued, and where experience is nothing more than a theory. These concepts bring us back to the concept of theory in use (referring to work environments that do not follow strict, “official” rules and procedures), and the acceptance and support of environments that allow brainstorming, trial and error, and unstructured interaction.

- As an example, from innovation theory, one can refer to the practice of establishing teams to solve problems, unhindered by the bureaucracy that may exist in the firm. Peters (1988) refers to the value of chaos and the advantage of smaller, fast-acting teams. One common alternative is the use of cross-functional project teams. These are usually a group of experts from different parts of the organization, led by a “generalist” project leader. If these teams are allowed the freedom to experiment and work in an autonomous, or virtually autonomous environment, it can be a great catalyst for innovation and new knowledge creation. Then, once the task is complete, the members return to their role in the organization, helping to spread this knowledge back into their own community of practice. The project team itself can also facilitate the creation of bridges between communities of practice, and at times may even serve as a way to extend them. Variations of this concept can be seen in several places in innovation theory, notably in Nonaka and Takeuchi’s self-organizing project teams in the hypertext organization.

3. To provide systems that support the work process:

These can be groupware systems that facilitate communication or brainstorming. However, they must not interfere with creative processes or communities of practice, or enforce rigid organizational practices (espoused theory).

4. To provide knowledge workers with timely, relevant information and data.

In today’s fast paced environment this is virtually synonymous with the implementation of IT systems which can store, retrieve, organize, and present information and data in a helpful way.

IT and Knowledge Creation

The use of IT is very much the same as it is for knowledge sharing, allowing for some degree of support in the transfer of all knowledge types. One important aspect is that it must support, and not interfere with, informal collaboration. For example, groupware systems can be used to enhance communication between communities or teams, particularly if they support varied (e.g. video, audio, text - according to the needs of the individual firm), informal communication.

Apart from this, IT also has an important role through information management, by providing access to data and information, and allowing the manager to perform in-depth analyses. More than that, IT systems can also be programmed to spot trends in data and information and present that to the manager. This essentially enables the manager to make better decisions and aids knowledge creation by providing some of the building blocks for new knowledge.

IT tools can also be used in the innovation process (e.g. tools used in the actual product design), but these are outside the scope of knowledge management.

◆ Knowledge Acquisition

Knowledge acquisition refers to the knowledge that a firm can try to obtain from external sources. External knowledge sources are important and one should therefore take a holistic view of the value chain (Gamble & Blackwell 2001). Sources include suppliers, competitors, partners/alliances, customers, and external experts. Communities of practice can extend well outside the firm.

Knowledge acquisition is a topic that could fill books and extend well outside the knowledge management (KM) focus. For this reason, detailed descriptions of how to manage external relationships are beyond the scope of this topic. However, since KM is inextricably linked to corporate strategy, an overview of the options available to the organization will be helpful to understanding the full potential KM role.

This subsection will discuss the knowledge available from the different sources, and the managerial issues that must be considered. In the subsection titled “External Knowledge Network”, I will tie this back to the overall strategic level and look at the process behind external knowledge acquisition.

The main sources are of knowledge acquisition are:

Customers

Customer knowledge comes in different forms. Gerbert et al (2002) identify three different types:

1. Knowledge for customer:

The knowledge that the customers can gain in order to satisfy their knowledge needs.. It can include product, market, and supplier knowledge. It can be sourced from our company or from other external sources like other customers and competitors (Zanjani 2008).

2. Knowledge about customer:

The kind of knowledge that enables us to know the customer better, to understand their motivations, and to address them better. Includes requirements, expectations, and purchasing activities.

3. Knowledge from customer:

The kind of knowledge that deals with products, suppliers, and markets. It can be used to improve our products and services.

These three categories apply to actual knowledge acquisition as well as to data and information, which can be processed and used to create knowledge (Zanjani 2008); e.g. data on purchasing habits could be analyzed to create knowledge that could improve marketing or design decisions.

Knowledge sharing is thus important, although it may take many different forms depending on the area of business. KM is particularly important for B2B relationships where the buyers are usually more prominent (i.e. either buy many products or buy expensive products) and the products are more likely to be customized to the needs of the customer. This can, and often should result in a closer relationship with more detailed communication and feedback, where the customers are involved as partners when discussing modifications and improvements (Gerbert et al 2002).

Some possible KM initiatives thus include:

- ◆ Collecting feedback
- ◆ Collecting and processing marketing related information
- ◆ Collecting suggestions
- ◆ Involvement in development/design

Effective acquisition of customer knowledge is dependent on customer relationship management. IT can be used in this context both as a means of collecting feedback and enhancing communication and cooperation between partners (the principles of knowledge sharing apply here within the confines of the specific relationship). It is also useful as a way to gather data and information regarding sales, trends, feedback, and so on, which can then be used to create new knowledge within the organization.

Suppliers

Chan (2009) presents a classification for supplier knowledge based on the concepts outlined by Gerbert et al (2002) regarding customer knowledge. These are:

1. Knowledge for suppliers:

This is the knowledge that suppliers require and includes “production needs and forecasts, inventory, products, customers, and markets” (Chan 2009).

2. Knowledge about suppliers:

This is knowledge that is used to understand how the supplier can match the requirements of the organization; provide insight regarding quality, delivery, defects, financial risks etc.

3. Knowledge from suppliers:

This refers to the knowledge that suppliers have gathered from their dealings with the organization.

The KM initiatives and the role of IT are similar to the ones presented in the customer segment, with the organization now taking on the role of customer. Knowledge acquisition in this case also includes data and information which can be processed and used as building blocks for new knowledge creation.

It refers to compatible goals, cultural alignment, and leadership commitment amongst the key factors for sustained, productive, long-term relationships.

Competitors

This deserves mention but it is a fairly straightforward aspect of KM. It simply involves collecting, organizing and presenting the data, information, and knowledge that the firm has acquired in such a way that one can search, retrieve, and analyze it. Some of this falls within the scope of information management, but it is particularly the process of using these components to create better decisions and new knowledge that is of interest here.

IT systems are very useful in this case, since the sources are largely explicit and presumably require frequent updating and manipulation. Data mining and analysis, document management systems with suitable search functions and expert systems are most relevant here.

Partners/alliances

Alliances intended to increase knowledge are a valuable potential resource. However these must be properly managed. Key success factors include fostering trust, learning from your partner, and effectively managing the creation of knowledge relevant to both parties. Knowledge transfer can be facilitated by personnel exchanges, common projects and other forms of regular interaction, technology sharing, etc.. Focusing on informal communication, collaboration, and socialization is of paramount importance for valuable tacit knowledge acquisition and for extending communities of practice beyond the firm's borders. It again formulates a set of knowledge types based on:

- 1. Knowledge for partners:** Knowledge which satisfies their needs, including “knowledge about products, markets, and suppliers”.
- 2. Knowledge about partners:** Knowledge acquisition focused on understanding the ability of partners to perform their role in the relationship. Includes distribution channels, products, services, etc.
- 3. Knowledge from partners:** The knowledge that partners have accumulated from dealing with the organization.

IT can be used in this case very similarly to the way it is used inside the organization for knowledge sharing and knowledge creation (including data/information analysis) - in other words supporting communication, collaboration, experimentation, expertise location, analysis tools, etc. The exact system has to fit the nature of the relationship and the business model.

What is of particular importance in this case is to safeguard the system so that only that knowledge which the firm is willing to share becomes available. In the 80s, joint ventures between American and Japanese firms often resulted in a lopsided endeavor favoring the latter, since the Japanese were far more willing to listen and the Americans were far more willing to talk. It is important to remember that the goal here is two way learning; that a relationship will not last forever; and that a partner today may be a competitor tomorrow. KM must therefore be very aware of what knowledge is being shared, and the IT systems must reflect this policy.

Merges & Acquisitions

This aspect deserves mention, but as a general discipline it is well beyond the scope of this paper. Dealing with mergers and acquisitions (M&A) is an extremely complex task that has led to numerous failures. Within the scope of knowledge acquisition, the area related to KM is how to pass on the most amount of relevant knowledge from the previous two organizations to the new, combined firm.

Very broadly speaking there are a couple of roles where KM efforts should feature heavily once the target has been acquired:

1. To identify the valuable/redundant knowledge sources in the target organization:

This is a very difficult process since it involves understanding of the target company's tacit and embedded knowledge locked within people, communities, processes, networks, procedures, etc. One of the major causes of failure in M&A is that during the restructuring process, key people are let go by mistake or key communities are disrupted. The old adage that the company should be seen more like a living organism than a machine holds very true here.

2. To combine this (relevant) knowledge with the organization's knowledge assets to achieve synergy:

This is the essence of many M&A; the notion that the whole should be greater than the sum of its parts. Integrating acquired companies is a difficult task, heavy on people management and the creation of a common culture. It is hard to say how much of this falls within KM specifically, and there certainly are no universal rules on this topic. Fundamentally, the same principles on knowledge sharing, reuse, and creation apply here, with a particular focus on culture, networks, and incentives, within a different and potentially hostile environment.

Other expertise

This refers to the other sources of external knowledge available to a firm, and includes hiring new personnel or acquiring the services of consultants.

The role of KM in these cases is to make sure that the right knowledge is acquired. Essentially the process has two parts, on the one hand the strategic and tactical requirements of the firm must be taken into account, and on the other these must be compared to the knowledge assets of the organization.

If external services are acquired from consultants or other temporary service providers, KM must work together with strategic management to determine if this knowledge is worth integrating into the firm by assessing the need to reuse it in the future vs the cost of transferring it into the organization. If it is deemed as something that should be integrated, then the right learning situations must be established to transfer the knowledge into the firm. These could be mentoring relationships, use of project teams that include organizational members, courses and education, etc.

Knowledge Creation and Capture Designing of Knowledge Management

Creating knowledge requires the existence of a person or group of people who come up with new ideas, new concepts, innovative product or process, etc.. Knowledge creation can be achieved through research, innovation projects, experiments, observations etc. Firestone [2] suggests that knowledge production begins with the request of knowledge, followed by individual or group learning, information acquisition, application for evaluation of knowledge and ultimately, \build organizational knowledge.

According to Nonaka [4], organizational knowledge creation and conversion is based on two dimensions. The first dimension shows that only individuals create knowledge. The second dimension relates to the interaction between explicit and tacit knowledge. These two dimensions form the basis for defining the four processes of creation / conversion of knowledge - socialization, externalization, combination and internalization.

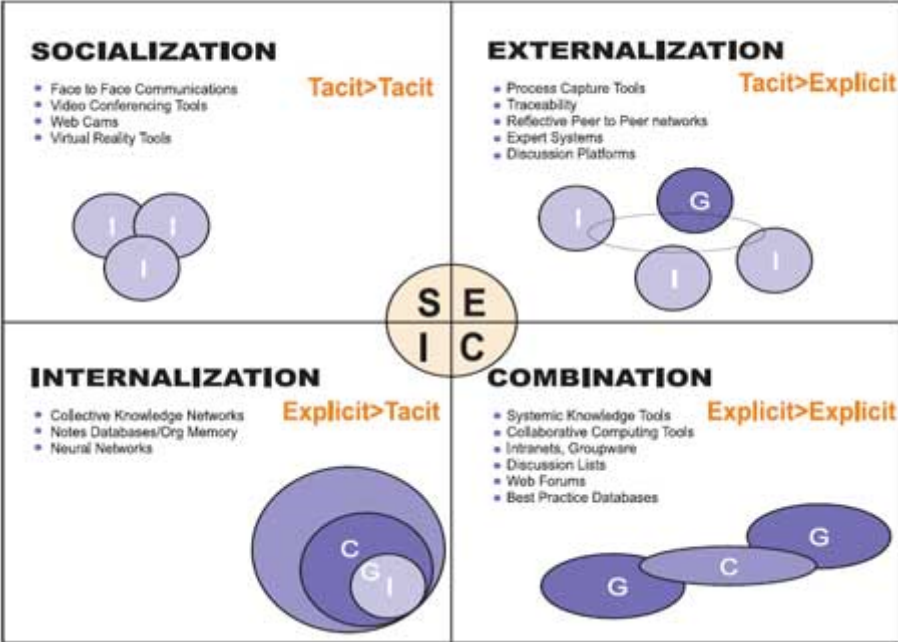


Figure 1 The four processes of Knowledge creation/conversion

1. **Socialization** - tacit knowledge is converted into tacit knowledge during discussions, meetings, etc.
2. **Externalization** - tacit knowledge is converted into explicit knowledge and outlined in documents, manuals, etc..
3. **Combination** - explicit knowledge are converted into another form of explicit knowledge
4. **Internalization** - explicit knowledge is converted into tacit knowledge by individuals.

The four ways determines a spiral of knowledge conversion without beginning or end. This continuous and dynamic process is rooted in people's behavior, the main agents that create knowledge. For example, when people try to combine explicit knowledge (this happens, for example, when someone uses mathematical formulas and physics to solve a complicated problem) they can at the same time, to discuss with their colleagues as exchanging tacit knowledge with them. Instead, they can visit different forums to find solutions; the forum will have to outsource or to explain the problem, seeking help. Nonaka consider a model consisting of five phases for the creation of organizational knowledge. The five phases are:

1. Sharing tacit knowledge - correspond socialization;
2. Creating concepts - knowledge shared is converted into explicit knowledge by constructing new concepts;
3. Proof of concept - the justification for new concepts allow the organization deciding whether continued;
4. Building a model - the concept is transformed into a model, prototype or operational mechanism etc.
5. Dissemination of knowledge - at this stage, the knowledge created is spread throughout the company.

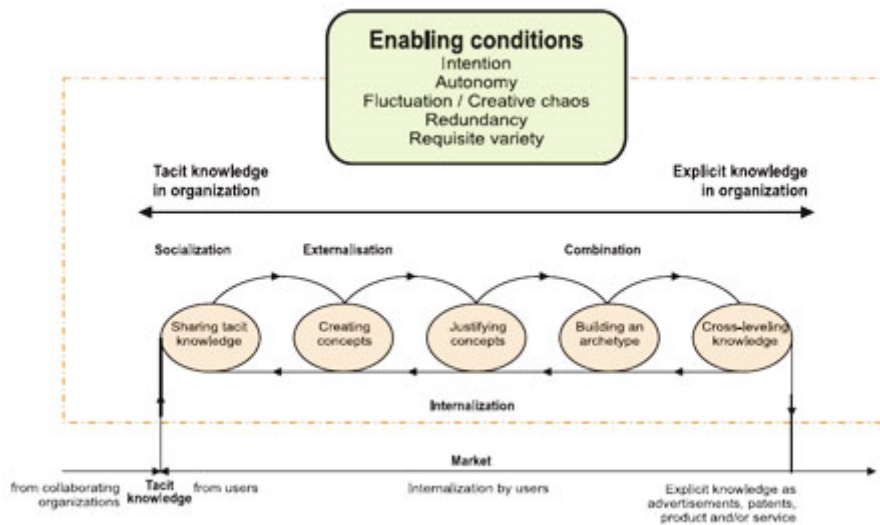


Figure 2 Phases of organizational knowledge creation

An interesting model is one of Soo, Devinney and Midgley , who reach the following conclusions:

1. Formal networking is not as important as informal networking as a source of information acquisition for organizations;
2. Know-how is not acquired directly but synthesized from the acquisition of information;
3. Know-how synthesis is strongly determined by the ability of the individual employee to absorb new knowledge and the incentives and systems of the firm that encourage knowledge acquisition;
4. This know-how contributes to the performance of the firm through the level of creativity in problem solving which, in combination with comprehensiveness and consensus, is the key contributing factor to the level of new knowledge created by the firm; and,
5. New knowledge impacts directly on firm innovative output, which, in turn, is a positive influence on financial performance.

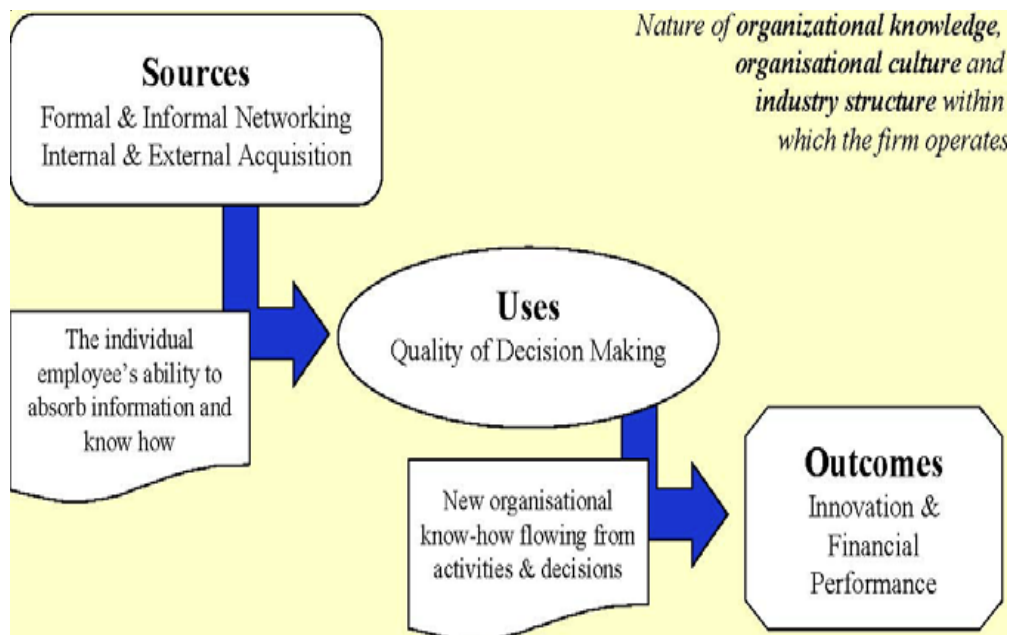


Figure 3 Soo, Devinney and Midgley model of knowledge creation

Capturing knowledge

During this process, it is important to attract both explicit knowledge and the tacit, although it is more difficult for the second category. Tacit knowledge is found in rumors, legends, stories, rules, beliefs, while explicit knowledge appearing in books, documents, databases, websites, email etc. Capturing explicit knowledge is following cycle: attracting, organizing and refining the information to make them easier to find, while facilitating learning and problem-solving. Managing tacit knowledge requires capturing the experience and expertise of individuals so that they are available to all who need them. During the process of creating, capturing and codifying knowledge, there are various new concepts to be tested and validated to determine their veracity or value. This means that new concepts must be higher than existing ones. We must not forget either that most organizations and employees accumulate knowledge unconsciously, through various methods, practices or situations. Some of these skills are controlled by company management, but others are not, because it occurs in the course of daily, informal meetings, observation and listening to others, various lessons learned from practice etc. Evaluation of new concepts is in terms of competitiveness and improved organizational effectiveness. The “balanced scorecard” is a perfect tool that link prospects with knowledge of their financial companies, customers, business or prospects of development. However, SMEs need to take care that the evaluation of new concepts does not entail lengthy and expensive procedure that does not bring any benefits to the

company. Research done on the method “balanced scorecard” shows that it is more useful for large firms, is therefore not detailed in this manual. If new findings come from experiments or observations, they must be examined, explained and verified. It should also generate hypotheses to explain the experiments or observations and must be determined if any line between new and existing knowledge. Knowledge of company stock to be updated by incorporating new knowledge. In general, the acquisition of knowledge from individuals or groups can be characterized as transfer and transformation of expertise from a source of knowledge (eg, experts or documents) in a warehouse of knowledge (eg, organizational memory, intranet, documents, etc). Organizational memory is represented by all knowledge, from tacit (based on the experience of employees), the data and information that can be stored in company archives. Firms cannot control the knowledge held by employees if such knowledge is not embedded in tangible systems or if those assets are not accessible to employees. Organizational knowledge acquisition involves “knowledge amplification and expression of individual company level, so that they are internalized in the firm knowledge base.

Enabling Conditions for Knowledge Creation

Given that knowledge creation is a complex and fuzzy process, the main role of the organization is to provide the proper context for facilitating group activities as well as the creation and accumulation of knowledge at the individual level. The following five conditions are considered as requirements in promoting the knowledge creation spiral described below:

1. Intention:

The level of organizational aspiration to its goals is the driver of the knowledge spiral. Business settings within the efforts to achieve the goals usually take the form of the strategy. From the viewpoint of organizational knowledge creation, the essence of strategy lies in developing the organizational capability to ASSURE, create, accumulate and exploit knowledge. The most critical element of the corporate strategy is to create a clear vision about what kind of knowledge should be developed and to effectively implement that vision in practical terms. This process is referred to as strategy management literature operationalisation. This refers to the process required for the strategy to be transformed from a vision or a documented plan into everyday real and measurable actions with concrete results. In the KM context, this process implies the conversion of KM strategic visions and goals into decisions and practices at an operational level. Given that knowledge is very specific context, the operationalisation of KM

strategy could also be referred to as KM customization reflecting existing organizational structure, culture, staffing issues, business operations, products and customers.

2. Autonomy:

Autonomy is the second condition for promoting the knowledge spiral. It increases the motivation of individuals to create new knowledge or original ideas. By allowing individuals and groups to act autonomously the organization may increase the possibility of introducing unexpected opportunities. Self-organized team serves as a basis in Japanese innovation creation.

3. Fluctuation and creative chaos:

fluctuation (breakdown of routines, habits etc.) and ‘creative chaos’ increase tension and focus attention on defining problems and resolving crisis. They promote the knowledge spiral by strengthening the subjective commitment of individuals as well as stimulation of interaction with the external environment. Fluctuation and creative chaos act as a trigger for individual members to change their fundamental ways of thinking and challenge existing concepts. They also help to externalize their “hidden” tacit knowledge.

4. Redundancy:

In business organizations, redundancy refers to intentional overlapping of information between employees and departments etc. about various business activities, management responsibilities and the company as a whole. It is characterized by the existence of information that goes beyond the immediate operational or functional requirements of specific organizational members. This does not mean that this knowledge is not useful. Rather, it helps speed up the knowledge creation process through sharing of extra information. It is important at the concept development stage where certain employees, functions or departments have information and knowledge beyond their own functional boundaries, e.g. on other areas of the organization. This “external” information and knowledge can help them generate additional creative and innovative capacity. Redundancy of information enables staff to contribute to dialogues more actively and to clearly justify their ideas widely known corporate business using terms or company jargon. In addition, redundancy of information supports smooth corporate hierarchy alterations. This is crucial for organizations with high employee turnover and where there is a resultant risk of sudden and frequent loss of tacit knowledge. Job rotation is a way of incorporating the benefits of redundancy.

5. Required Variety:

Internal diversity organizations should match the variety and complexity of the environment. Providing equal access to information within the organization supports the exchange of different viewpoints and interpretations of new information. Organizational members can cope with many unexpected events if they have a variety of information and experience. This variety can be enhanced by combining information differently, flexibly and quickly.

Techniques used to capture knowledge

To capture tacit knowledge from individuals or groups can use three approaches. In many cases, these approaches can be combined:

1. **Expert interviews** - structured interviews with experts are the most used technique to convert tacit knowledge into explicit forms essential. In many organizations, structured interviews are conducted when employees scholars, with more knowledge, is near retirement.
2. **Learn from what you are saying** - the interviewee expresses knowledge and refines them and at the same time, the interviewer clarifies and validates the knowledge, putting them in an explicit form. This form of acquisition of knowledge requires, among other things, simulations, which are especially effective in the later stages, validating, refining and completing the process of capturing knowledge.
3. **Learn from observation** - observation is an important tool that can provide a wealth of information. Observing the silence is the best way to capture some characteristics of a spontaneous process or a procedure. There are other techniques that can be used to extract tacit knowledge from individuals and groups.
4. **Tale stories** - stories are another excellent way of capturing and codifying tacit knowledge. An organizational story involves a detailed account of the actions of managers, the interactions between employees or other events of the organization are transmitted informally within the firm. Transmission of information through stories is a good way, because information workers stay longer in memory than would have happened in another context. Tales improve organizational learning, emphasizes shared values and sets of rules, they are an excellent means of capturing, encoding and transmission of high-value tacit knowledge.
5. **Questionnaires or surveys** - when they have interviewed many people, the first step is developing a questionnaire, followed by individual interviews. The

questionnaire may contain questions closed and / or opened. Open questions are best to get more information as not limit the respondent to choose one of predefined responses, such as closed questions.

6. **Brainstorm or ad hoc meetings** - these are sessions that last no longer than 30 minutes and that share ideas in an open atmosphere, stimulating. These sessions can take place during face to face meetings, or may take place by means IT, e-mail, teleconferencing or chat rooms.
7. **Focus groups** - involving structured sessions in which a group of stakeholders is required opinion on various issues presented.
8. **Learning histories** - is a retrospective of the most important events that occurred in the recent past of the organization, described by people who were involved in these events. Development begins with determining the purpose istorioarelor story, the event will be reported. After the event participants are required to display their view, thinking that they used. Appear as new items, capture and encoding of these elements increases the firm's knowledge assets. After that, the information gathered from interviews are synthesized into a form more readable, accessible and understandable. In this way, story is written, validated and published to disseminate it. Thus, the story becomes part of the memory organization. A story with moral is the story of successes and failures so to capture best practices and lessons learned.
9. **Documentation**-documentation of existing systems may be of archival information, policies, procedures manuals, reports, memos, notes of meetings, standards, e-mails, public regulations and other guides, etc..
10. **Participation** - learning from what you do or training at work are invaluable sources for obtaining knowledge and experience increase. It is a form of experimental learning, deductive, which means meaning different occurrences that appear and establish a causal relationship between actions and results. Discipleship, trainings and mentoring are ways that people experience knowledge transmitted by novice, uninitiated.
11. **Task analysis** - is a method that involves testing each task they performed an expert and characterization of these tasks in terms of knowledge and skills required, frequency, difficulty, overlap with other tasks. It also examines the consequences in case of errors and the task is perceived as the expert who carried a (routine eagerly anticipated or feared). This analysis can be done by observing (in silence) or by direct interview with the expert concerned.

11.7 CASE STUDY

Knowledge Management Practices At Mckinsey & Company (Mckinsey).

The case describes the knowledge management practices at McKinsey & Company (McKinsey). Managing knowledge effectively is of prime importance especially for consultancies like McKinsey which depended heavily on knowledge for their existence and growth. The expertise McKinsey gained over the years was put into optimal use through knowledge management. Knowledge was spread in the firm through training sessions, seminars, workshops, sharing of the findings of the projects. The other KM efforts that McKinsey undertook included development of centers of competence, practice information system, practice development network and knowledge resource directory. The case examines how McKinsey promoted a culture of knowledge sharing within the firm

McKinsey was founded in 1926 by James O. McKinsey (James), who was a professor at the University of Chicago. The company was initially known as James O McKinsey & Company (JOMC).

At that time, the company termed itself as ‘management engineers,’ with the focus on improving the efficiency of the clients’ operations.

Marvin Bower (Bower) joined McKinsey in 1933, to manage its newly opened New York office. One of the first high profile projects that the company undertook was conducting a comprehensive analysis of the businesses of leading retailer Marshall Field and Company (Marshall Field) in 1934. JOMC was asked to analyze the reasons behind the company’s huge losses since 1931... Since its inception, McKinsey’s management had focused on capturing, managing, and disseminating knowledge across the company. In the year 1920, James published a book Principles of Accounting. In 1922, he published a textbook on budgetary control.

In the book, he expressed his view that accounting should essentially emphasize the understanding of the entire organization, and should serve as an integrating device to understand the problems...

McKinsey’s ‘one-firm’ culture helped in creating informal networks that facilitated knowledge sharing within the organization.

The company’s values also helped in the problem solving approach.

However, knowledge sharing was limited to the methodology, like solving problems and framing issues.

There was no specific attempt to use the learning from one assignment in the other.

Recruitment was given high importance in McKinsey. The company recruited graduates from top-tier business schools. Before a candidate was selected, he/she was interviewed six to eight times by the partners and principals.

The company recruited talented individuals capable of receiving and spreading knowledge through person-to-person knowledge sharing mechanisms that were present in the organization. At **McKinsey**, fresh management graduates joined as associates.

After two to three years, associates who performed well were promoted to the position of engagement manager. In **McKinsey**, the KM system evolved from the need to connect people effectively. The company generally dealt with high level management problems that were difficult to put across in standardized formats. Initially, most of the consultants in the company were not in favor of documenting the concepts, as many consultants were suspicious about reusing ideas...

Questions:

1. Evaluate the ways in which knowledge can be shared and disseminated in the organization.
2. Study the importance of culture in implementing KM successfully.
3. Examine the role played by the top management in promoting KM within a company.

11.8 SUMMARY

The knowledge generation is a process of acquiring, creating, fusion, synthesis and adaptation.

The knowledge management system requires different types of knowledge, which can be suited for different operations under different circumstances. Organizations have to identify the need for knowledge management and develop based on the nature of operations. Knowledge networking helps in sharing of information amongst various organization. An appropriate knowledge management model has to be developed and then has to be used. The success of organizations highly depends on the effective management of knowledge and the process on information.

11.9 KEY WORDS

Explicit knowledge

Tacit knowledge

Embedded knowledge

Knowledge Creation

Knowledge Networking

11.10 SELF ASSESSMENT QUESTIONS

1. What are the different types of knowledge?
2. Write a note on a. Explicit knowledge b. Tacit knowledge c. Embedded knowledge
3. Compare and contrast few knowledge management models.
4. Write a note on
 - a. Knowledge Discovery & Detection
 - b. Knowledge Organization & Assessment
 - c. Knowledge Acquisition
 - d. Knowledge Sharing
 - e. Knowledge Reuse
 - f. Knowledge Creation

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UNIT-12 : STRATEGY- ISSUES AND CHALLENGES IN KNOWLEDGE MANAGEMENT

Structure:

- 12.0 Objectives
- 12.1 Introduction
- 12.2 Knowledge Management-Issues
- 12.3 Knowledge Management Challenges
- 12.4 Knowledge Management Strategy
- 12.5 Knowledge Management Retention
- 12.6 Notes
- 12.7 Summary
- 12.8 Key Words
- 12.9 Self Assessment Questions
- 12.10 Case Study
- 12.11 References

12.0 OBJECTIVES

After studying this unit, you will be able to;

- Examine various issues related to Knowledge Management
- Identify and specify the Knowledge Management Challenges
- Describe different Knowledge Management Strategies.
- Explain the process of Knowledge Management Retention.

12.1 INTRODUCTION

Knowledge management is a complex process in an organization. To ensure its effective translation from idea to reality, people need to be encouraged and supported through the transition process. One of the challenges for anyone exploring knowledge management is that many works must focus on system development, and ignore the real cultural leadership issues which must be considered. In addition, it is often not understood that strategic needs should be aligned with knowledge management. The main challenge would be information security and retention of knowledge, as access to knowledge has become increasingly threatening in the present context. Organizations' devise various strategies to cope with the challenges posed by the business environment and in order to review and enhance the process.

12.2 KNOWLEDGE MANAGEMENT- ISSUES

Some of the important knowledge management- issues worth discussing are as given below

1. Knowledge management is expensive:

Knowledge is an asset, but its effective management requires the investment of other assets, namely money and labor. Employees need to be trained in the ways of capturing, packaging and categorizing knowledge. And they will need the right hardware and software tools to do that.

While few companies have calculated the cost of knowledge management, there are some quantified estimates. Robert Buckman of Buckman Laboratories estimates that his firm spends 3.5 percent of its revenues on knowledge management. McKinsey & Company has long had an objective of spending 10 percent of its revenues on developing and managing intellectual capital.

But while knowledge management is expensive, the obvious retort is that not managing knowledge is even more so. What is the cost of ignorance and stupidity? How much does it cost an organization to forget what key employees know, to be unable to answer customer questions quickly or at all, or to make poor decisions based on faulty knowledge? Just as organizations concerned about the value of quality figured out the cost of poor quality products and services, companies trying to assess the worth of knowledge can attempt to measure the cost of not knowing. Of course, such an assessment could lead to political problems within the organization, but that is the province of another principle.

2. Effective management of knowledge requires hybrid solutions involving both people and technology.

“Computers that think are almost here,” a Business Week article recently announced, adding that “the ultimate goal of artificial intelligence—human-like reasoning—is within reach.” Such a prediction may produce a feeling of déjà vu for managers and professionals, who have been hearing about machine-based knowledge since the 1950’s. The fact is that companies wishing to effectively manage knowledge still need a heavy dose of human labor.

We need to construct a hybrid environment that uses humans and machines.

People may be expensive and cantankerous, but they are quite accomplished at certain knowledge skills. When we seek to understand knowledge, to interpret it within a broader context, to combine it with other types of information or to synthesize various unstructured forms of knowledge, humans are the recommended tool.

Computers and communications systems, on the other hand, are good at capturing, transforming and distributing highly structured knowledge that changes rapidly. They are increasingly useful—though still a bit awkward—at performing these tasks on less structured textual and visual material. But it remains the case that most people do not turn to computers when they want a rich picture of what is going on in a particular knowledge domain.

Given this mixture of skills, we need to construct hybrid environments for knowledge management that use humans and machines in complementary ways. Just as sophisticated manufacturers have realized that “lights out” factories are not necessarily the most effective or flexible, it is clear that knowledge factories should offer not only the bits and bytes of a computer but also someone to talk to.

For example, when compiling computerized databases of organizational knowledge, it makes sense to include “pointers to people.” That is what the G.M. Hughes Electronics Corporation did, capturing its best-process re-engineering practices in a database that combined human and computerized knowledge. Each entry was submitted to an editor, who screened it for usefulness and relevance. Entries recorded just enough about the practice to pique the reader’s interest, and included the name and phone number of a person who could describe it in detail. Use of the database is solid and growing.

3. Knowledge management is highly political.

It is no secret that “knowledge is power,” and thus it should not surprise anyone that knowledge management is a highly political undertaking. If knowledge is associated with power, money and success, then it is also associated with lobbying, intrigue and backroom deals. If politics plays no part in a knowledge management initiative, it is a safe bet that the organization perceives nothing of value is at issue.

What does knowledge politics mean for effective knowledge management? Some managers will argue that politics only gets in the way. But astute managers will acknowledge the value of politics and cultivate its use, lobbying on behalf of knowledge. They will broker deals between those who have knowledge and those who use it. They will cultivate influential “opinion leaders” as early adopters of knowledge management approaches. At the highest level, they will try to shape the governance of knowledge to better utilize it across the organization.

4. Knowledge management requires knowledge managers.

Key business resources like labor and capital have substantial organizational functions devoted to their management. Knowledge will not be well-managed until some group within a company has clear responsibility for the job. Among the tasks that such a group might perform are collecting and categorizing knowledge, establishing a knowledge-oriented technology infrastructure and monitoring the use of knowledge.

The goal should be to facilitate the creation, distribution and use of knowledge by others.

Several professional services firms already have knowledge management roles in place. Booz-Allen & Hamilton, McKinsey, Andersen Consulting, Ernst & Young, Price Waterhouse and A.T. Kearney all have chief knowledge officers. Buckman Laboratories reoriented its information systems organization to become managers of knowledge, and it now calls the group the knowledge transfer department. The Hewlett-Packard Company created one knowledge management group within its corporate products and processes

organization, and another within its computer systems marketing group. (See the article at the end of this piece.)

A knowledge management function could inspire resentment and concern within the organization if it seeks to collect and control all knowledge. The goal should merely be to facilitate the creation, distribution and use of knowledge by others. Furthermore, the knowledge managers themselves should not imply by their words or actions that they are more “knowledgeable” than anyone else. In fact, one knowledge manager at Hewlett-Packard argues that the most important qualification for such a role is being “egoless.”

5. Knowledge management benefits more from maps than models, more from markets than hierarchies.

It is tempting when managing knowledge to create a hierarchical model or architecture, similar to the Encyclopedia Britannica’s Propaedia that would govern collection and categorization. But most organizations are better off letting the knowledge market work, and simply providing and mapping the knowledge that its consumers seem to want. The dispersal of knowledge as described in a map may be illogical, but is still more helpful to a user than a hypothetical knowledge model that is best understood by its creators, and rarely fully implemented. Mapping organizational knowledge is the single activity most likely to yield better access.

Knowledge managers can learn from the experience of data managers, whose complex models of how data would be structured in the future were seldom realized. Companies rarely created maps of the data, so they never had any guides to where the information was in the present.

Letting the market work means that knowledge managers try to make knowledge as attractive and accessible as possible, and then observe what knowledge gets requested using what specific terms. For example, at Teltech, a Minneapolis company that manages a knowledge network of external experts, clients who call for referrals are unlikely to always use the same terms as the experts use in describing their work. The function of connecting client needs to available expertise is performed by Teltech’s online search and retrieval system. Called the Knowledge scope, the system is effectively a map or thesaurus of more than 30,000 technical terms. It is maintained by several full-time knowledge engineers, who add 500 to 1,200 new concepts per month to the database while removing outdated ones.

Each technical term has a preferred usage and several possible synonyms. Teltech’s goal is to have the terms in the database that are used by clients. Therefore, each day the

knowledge engineers receive a list of terms sought unsuccessfully in the database by Teltech's knowledge analysts or by clients accessing the database directly. Many of the unsuccessful searches are misspellings, but valid misses are added to the database.

Until recently, Teltech's approach to structuring knowledge had been hierarchical, rather than thesaurus-based. Its previous database was called the Tech Tree and it had several key knowledge branches, including scientific/technical, medical and chemical. However, both the clients and the knowledge analysts found it difficult to navigate through the tree, and new terms tended to be added at inappropriate places.

Teltech has found the thesaurus approach to be much more satisfactory. It has mapped the knowledge world rather than modeled it.

6. Sharing and using knowledge are often unnatural acts.

If my knowledge is a valuable resource, why should I share it? If my job is to create knowledge, why should I put my job at risk by using your knowledge instead of mine?

We sometimes act surprised when knowledge is not shared or used, but we would be better off assuming that the natural tendency is to hoard our own knowledge and look suspiciously on knowledge that comes from others. To enter our knowledge into a system and to seek out knowledge from others is not only threatening, but also requires much effort — so we have to be highly motivated to undertake such work.

If the knowledge manager adopted this principle, we would not assume that the installation of Lotus Notes will lead to widespread sharing, or that making information available will lead to its use. We would realize that sharing and usage have to be motivated through time-honored techniques—performance evaluation, compensation, example.

Some companies are beginning to employ those techniques. The Lotus Development Corporation, now a division of I.B.M., devotes 25 percent of the total performance evaluation of its customer support workers to knowledge sharing. Buckman Laboratories recognizes its 100 top knowledge sharers with an annual conference at a resort. ABB ASEA Brown Boveri Ltd., the Swiss-Swedish conglomerate, evaluates managers not only on the results of their decisions, but also on the knowledge and information applied in the decision-making process.

7. Knowledge management means improving knowledge work processes.

It is important to address and improve the generic knowledge management process, but knowledge is generated, used and shared intensively through a few specific work

processes. While the details vary by company and industry, these include market research and product design and development, and even more transactional processes like order configuration and pricing. If real improvements are to be made in knowledge management, gains must occur in these key business processes.

Knowledge work processes are only rarely addressed in process improvement initiatives.

8. Access to knowledge is only the beginning.

If simple access to knowledge were sufficient, then there would be long lines outside the nation's libraries. Access is important, but successful knowledge management also requires attention and engagement. It has been said that attention is the currency of the information age.

More active involvement with knowledge can be achieved through summarizing and reporting it to others, through role-playing and games based on usage of the knowledge and through close interaction with providers. This is particularly important when the knowledge to be received is tacit, as Ikujiro Nonaka has long noted. Some companies have already begun to help their managers and employees become more engaged with knowledge. Jane Linder, an information manager for a division of the Polaroid Corporation, worked with a supportive division president to create a "war games" exercise for managers and professionals. Participants digested market research and then played roles as competitors or as Polaroid in making sales presentations to customers. The marketing-oriented exercises were a big success, and now Polaroid is assessing the use of engagement approaches for other types of knowledge. Toyota and Nissan have both sent car designers to the United States to receive tacit knowledge by fraternizing with particular customer segments.

9. Knowledge management never ends.

Managers may feel that if they could only get their organization's knowledge under control, their work would be done. However, the tasks of knowledge management are never-ending. Like human resource management or financial management, there is never a time when knowledge has been fully managed.

One reason is that the categories of required knowledge are always changing. New technologies, management approaches, regulatory issues and customer concerns are always emerging. Companies change their strategies, organizational structures and product and service emphases. New managers and professionals have new needs for knowledge.

This rapid change in knowledge environments means that companies should not spend considerable amounts of time in mapping or modeling a particular environment. By the time they finished, the environment would no longer exist. Instead, descriptions of environments should be “quick and dirty,” and only as extensive as usage warrants.

10. Knowledge management requires a knowledge contract.

It is not clear in most organizations that owns or has usage rights to employee knowledge. Is the knowledge of employees owned or rented? Is all of the knowledge in employee heads the property of the employer? How about the knowledge in file cabinets or computer disk drives? What about the knowledge of consultants while they are consulting? Outsourced employees? Few companies have policies to deal with these issues.

Many organizations have held that employee knowledge—at least that developed between 9 and 5—is the property of the corporation. However, several societal changes make such an approach problematic. Employees are moving more often to new jobs and new organizations; the distinction between work life and home life is more ephemeral, and there are more contingent workers. In any case, few companies have done a good job of extracting and documenting the knowledge of employees.

If knowledge is really becoming a more valued resource in organizations, we can expect to see more attention to the legalities of knowledge management. Perhaps the greatest problem with increased knowledge management is the increased population of lawyers it will engender. Intellectual property law is already the fastest-growing legal field, and it will only grow faster.

12.3 KNOWLEDGE MANAGEMENT CHALLENGES

- 1. Security.** Providing the right level of security for knowledge management is key. Sensitive information should be shielded from most users, while allowing easy access to those with the proper credentials.
- 1. Getting people motivated.** Overcoming organizational culture challenges and developing a culture that embraces learning, sharing, changing, improving can't be done with technology. There is no use in launching a tool if there is no drive to share the knowledge.
- 2. Keeping up with technology.** Determining how knowledge should be dispensed and transferring it quickly and effectively is a huge challenge. Constantly changing

structures mean learning how to be smart, quick, agile and responsive – all things a KM tool must be able to accomplish.

3. **Measuring knowledge.** Knowledge is not something that can be easily quantified, and is far more complex because it is derived out of human relationships and experience. The focus should be on shared purpose rather than results or efforts.
4. **Overcoming shared leadership.** KM tools allow others to emerge as voices of power within an organization. Workers are given a “voice”, which can sometimes cause internal conflict.
5. **Keeping data accurate.** Valuable data generated by a group within an organization may need to be validated before being harvested and distributed. Keeping information current by eliminating wrong or old ideas is a constant battle.
6. **Interpreting data effectively.** Information derived by one group may need to be mapped or standardized in order to be meaningful to someone else in the organization.
7. **Making sure information is relevant.** Data must support and truly answer questions being asked by the user, and requires the appropriate meta-data to be able to find and reference. Data relevancy means avoiding overloading users with unnecessary data.
8. **Determining where in the organization KM should reside.** Does KM fall under HR, IT, communications? This decision will determine what drives your knowledge sharing initiative and who will be responsible for maintaining the community.
9. **Rewarding active users.** Recognizing the users who actively participate and contribute to a knowledge database will not only encourage them to continue contributing, but will also encourage other users to join.

12.4 KNOWLEDGE MANAGEMENT STRATEGY

While the knowledge management processes section dealt with the general ways knowledge can be managed, this section tackles long-term knowledge management strategy. Strategic investments represent the company’s choices/options so as to enable and enhance the processes outlined earlier (e.g. knowledge sharing) and to offer help define which knowledge is relevant (i.e. in line with strategic objectives) and which is not.

This section is based on the strategic part of the integrated knowledge management model, which includes:

- Knowledge management strategic initiatives:
- **Invest:** Support of existing structures, competencies, knowledge retention mechanisms, culture, external network, and knowledge management systems
- **Invest:** Implement changes to structures, competencies, knowledge retention mechanisms, culture, external network, and knowledge management systems
- **Divest:** Remove obsolete knowledge

The articles that follow are based solely on the points under “invest”. Based on that we arrive at the following headings:

- ◆ KM and Organizational Structures
- ◆ KM and Organizational Culture
- ◆ KM and Knowledge Retention
- ◆ KM and Core Competencies
- ◆ KM and External Knowledge Network
- ◆ KM and Knowledge Management Systems
- ◆ Summary: Knowledge Management Best Practices

As many of you might realize, many of the strategic initiatives deal with aspects that extend into different branches of management. I will endeavor to stick to the scope of this subsection and, for the most part, limit my discussion only to aspects relevant to knowledge management strategy. Furthermore, at all stages of the following discussion on knowledge management strategy, I will also refer to different knowledge types and to IT systems, whenever necessary. However, the subsection dealing with knowledge management systems will be the first that focuses specifically on IT. It will discuss the general implementation issues, leading to the subsequent section that looks at some specific systems and tools.

KM MANAGING ORGANIZATIONAL STRUCTURES

This discussion deals with the physical and non-physical divisions and barriers that influence the way knowledge management (KM) operate. By “organizational structure”, I refer to the layout of the company itself and also to the various bodies that exist within it.

It is important to note that many elements within this topic stretch well outside our focus, and volumes could be written on it alone. The focus here will be only on the general elements that are directly related to KM.

Types of Organizational Structures

Organizational structures deal with the way the firm is organized, and the way people relate to one another. Broadly speaking, there are two types of organizational structure, namely formal and informal. These two concepts are not independent, and the formal structure may greatly influence informal networks, both positively and negatively.

1. Formal:

The official structure of the organization, which is normally displayed on an organizational chart, and which denotes the hierarchical relationships between members of the firm. It is beyond the scope of this site to offer a discussion on the various formal organizational structures. However, there are a few things that are relevant to KM:

- The formal organizational structure must not be so rigidly enforced so as to stifle informal structures such as communities of practice, where knowledge sharing and creation may take place. It is the knowledge manager's job to understand the knowledge dynamics of the organization and to recognize how the formal and informal structures coexist.
- The formal organizational structure, particularly in a larger firm with separate departments, will impact knowledge flows. There is no set structure that is best, since most have advantages and disadvantages depending upon the business type, firm size, etc. However, studies seem to indicate that flatter, decentralized structures are more effective for KM (Choi & Lee 2000, Claver-Cortés et al 2007, Chen & Huang 2007). This also makes sense logically, since knowledge flows would be less hindered in such a structure. Implementing changes to formal structures can thus mean restructuring the organization, but it can also mean enforcing existing structures to a lesser or greater degree.

2. Informal:

The unofficial organizational structures are the ones that are created through informal networks, as a result of working within the organization. They represent the way people actually interact. Brown and Duguid (1992) advocated looking at the firm as a community of communities. Increasingly, the value of these informal structures is being understood, and the knowledge manager must learn to identify and support these

networks. This process is closely related to KM, since knowledge flows and repositories (particularly tacit) are dependent upon these structures. KM therefore must play a central role in their management, including identification of the structures and the knowledge they hold, implementing changes, bridging gaps between communities, and so on. Unfortunately, implementing changes to informal social networks is difficult without running the risk of disrupting them. There are however several ways that managers can influence social networks:

- Generalists (sometimes referred to as gatekeepers) can be used to identify communities and their expert know-how, and to help coordinate activities such as cross-functional projects.
- Project teams and other teamwork can serve as a means to bridge the gap between communities.
- Common physical meeting areas can allow communities to grow and flourish.
- Virtual socialization and people finders can support communities of practice.
- Common vision, goals, ideals, social gatherings etc. and a climate of trust can serve as a way to lessen the distance between organizational members and communities.

KM Organizational Culture Change

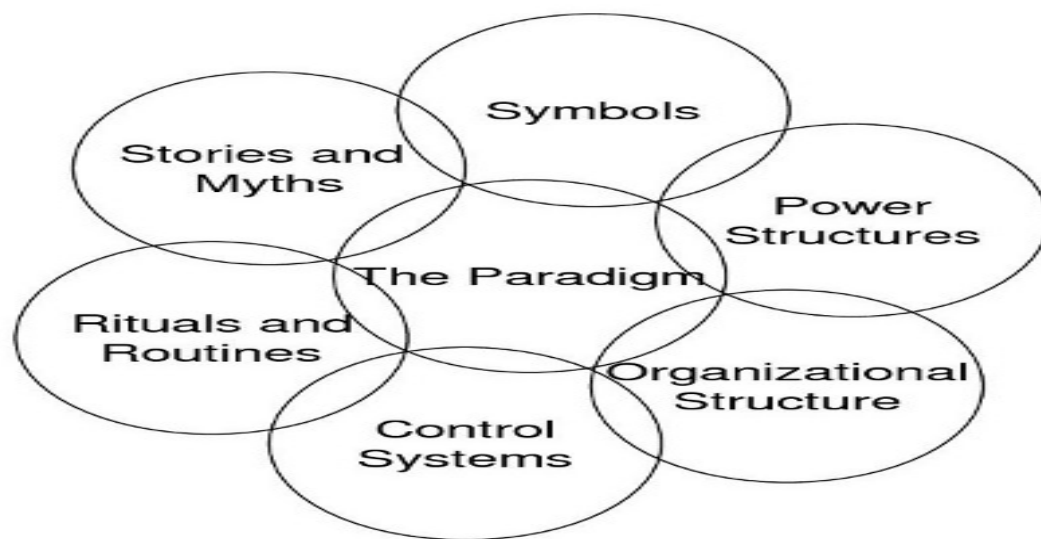
The concept of organizational culture has already been discussed in a previous subsection. I will therefore keep my introduction to the subject to a minimum, and instead focus almost exclusively on organizational culture change.

Organizational culture represents the way things are done in an organization, encompassing the values, beliefs, and attitude that generate a common framework for interpreting events.

Knowledge sharing, and thus all aspects related to knowledge management (KM), depend upon organizational culture. Trust is a particularly important issue, since workers need to feel secure that they are not jeopardizing themselves by engaging in knowledge sharing. In order for proper cooperation to take place, management must create a culture where knowledge sharing is seen as beneficial for the individual as well as the organization. Managing organizational culture change is therefore at the very core of KM and organizational learning processes.

Defining and Mapping Organizational Culture

Johnson presents a model called the cultural web (see below), outlining the various components of organizational culture.



1. **The paradigm:** The set of assumptions shared and taken for granted by the organization.
2. **Rituals and Routines:** These represent “the way we do things around here”. They point to what is valued, and include behaviors that are taken for granted as being correct.
3. **Stories and myths:** The organization’s folklore that passes on the common perception of past events, thus reinforcing beliefs and passing them on to newcomers.
4. **Symbols:** All the symbolic elements of the firm, including titles and dress codes.
5. **Control Systems:** Systems that are designed to promote certain activities by rewarding correct behavior and monitoring performance.
6. **Org. Structures:** The formal structure of the organization, as explained in the subsection on organizational structures (though in this case it is considered solely in regards to its influence on culture).
7. **Power structures:** The more powerful groups are also most likely to be involved in shaping the paradigm. A big problem arises when “the main targets for change are also those who hold the power.”.

Managing Organizational Culture Change

Wellman presents a series of leadership roles that will help facilitate organizational culture change towards a knowledge friendly culture:

- 1. Acknowledge the existence and influence of organizational culture:** It must be brought into the open so people can see and understand how it affects activities
- 2. Have a clear and persistent vision of what the culture should be and of what changes need to be applied:** This vision must be understood by management at all levels and spread across the organization.
- 3. Consciously manage culture:** Wellman suggests the using health assessments and employee surveys to evaluate progress and direction. Expanding upon this, one might add the use of incentives (whatever is suitable within that particular organization) and of using managers as intermediaries between different cultures within the organization. Management must strive to create a culture where knowledge sharing is perceived as beneficial to the whole and also to the individual. In other words, through shared vision, incentives, etc. they must foster an atmosphere of trust to ensure that individuals have faith in the principle of reciprocity. They must also bridge cultural differences that exist between different communities and power structures within the organization.

Gardner presents a somewhat more concrete approach to organizational culture change. He states that it is dependent on redefining the assumptions that shape the common understanding, or in other words the paradigm. It thus involves introducing “anomalies” that present a reality that cannot be true under the old assumptions. As more and more anomalies are presented, people will eventually abandon old beliefs and frames of understanding and eventually be willing to adopt new ones.

No matter what, organizational culture change is a difficult process that is likely to meet significant resistance. Its stubbornness is due in part to the fact that it is history dependent, woven into everyday practice, and used as socializing mechanism for newcomers (Beitler 2005). However, as Beitler argues, despite all the hurdles, managing culture simply must be done.

Knowledge Retention

Knowledge retention involves capturing knowledge in the organization so that it can be used later. In a previous section on organizational memory, Walsh and Ungson (1991) defined five knowledge repositories, namely individuals, culture, transformations (i.e. procedures & formalized systems), structures (e.g. formal and informal networks), and external activities. This is where knowledge can exist or be retained in an organization. In this section, we are interested in the managerial side, so as to answer the question: How can management promote the retention of (crucial) knowledge?

Most often, one hears of knowledge retention in the context of losing key employees and using techniques such as exit interviews to try to capture their knowledge. In reality, knowledge retention should be integrated into how the organization operates and start well before a key employee is about to depart. Although it is considered crucial for long term organizational success, few organizations have formal knowledge retention strategies.



1. **The paradigm:** The set of assumptions shared and taken for granted by the organization.
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12.5 KNOWLEDGE MANAGEMENT RETENTION

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A knowledge retention strategy as a part of knowledge management (KM) will identify the knowledge resources that are at risk and must be retained, and then implement specific initiatives so as to keep these resources in the firm. Like most other KM-related processes and strategies, success depends upon successful knowledge sharing and having a knowledge sharing & learning organizational culture.

Apart from the more general knowledge sharing initiatives that a firm may use - e.g. support of formal & informal knowledge networks (social areas, social media, meetings, company functions, knowledge fairs, expertise locator, etc.), changing the organization culture, etc. - examples of tools & techniques which can be used specifically for knowledge retention include :

- ◆ Implementing reward structures to encourage sharing of key knowledge.
- ◆ Use of project teams and cross-functional project teams.
- ◆ After-action reviews.
- ◆ Storytelling.
- ◆ Mentoring programs & job shadowing.
- ◆ Interviews & exit interviews.
- ◆ Job rotation.
- ◆ Company procedures/processes manuals.
- ◆ Taking advantage of the knowledge of retirees.

Knowledge Retention Strategy

Three basic questions that must be asked when considering knowledge retention:

1. What knowledge may be lost?
2. What are the organizational consequences of losing that knowledge?
3. What actions can be taken to retain that knowledge?

Expanding upon these questions, one can outline several concrete steps necessary in the formulation of a knowledge retention strategy:

1. Understanding your risk factor: Liebowitz identified
 - a. The average age of your employees is high
 - b. The company has placed insufficient focus on:
 - i. knowledge capture
 - ii. mentoring programs
 - iii. employee training and development
 - c. Information is difficult to find or is often misplaced.
 - d. There is little informal communication in the organization.
 - e. Many knowledgeable employees are leaving the organization.
2. Classifying your knowledge: Knowing the knowledge resources of the organization, including where they are and in what form they exist (something covered under knowledge organization and assessment).
3. Understanding which knowledge is most critical (also covered knowledge organization and assessment).
4. Understanding the pillars of knowledge retention consists of a wide range of tools, some easy and some hard to implement. It identifies four categories which encompass all the initiatives within knowledge retention. These are:

a. Recognition and reward structure:

Management has the choice to use either intrinsic motivators (i.e. which make the job itself more satisfying, such as praise or recognition) or extrinsic motivators (i.e. which offer benefits unrelated to the job, such as money). These must take organizational as well as national cultural factors into account, but overall the most effective and longer lasting appear to be intrinsic motivators. However, a combination of both is usually the way to go.

b. Bidirectional knowledge flow:

Establishing a two-way system of knowledge capture, where knowledge is not only passed down from the senior employee to the junior employee, but also vice versa.

c. Personalization and codification:

Personalization refers to connecting people and includes tools such as mentoring, job rotation, knowledge fairs, communities, and so on, while codification includes tools like after action reviews, various knowledge repositories, lessons learned systems, etc.

d. The golden gem:

Bringing back important retirees in various capacities. This includes rehire programs, consultancy, part-time work, temporary jobs, etc. Using a phased retirement system (e.g. leave of absence – part time work – casual rehire) can also help to slowly lose a key employee and to gradually transfer all his key knowledge to the organization.

5. Understanding the knowledge retention key success factors:

- a. Top management support
- b. Knowledge retention strategy
- c. Learning culture
- d. Human resource practices -since knowledge resides in people, knowledge retention is closely linked to HR practices including recruitment, education, rewards, and performance management.

KM and Core Competencies

The knowledge management definition presented earlier, involved the reuse and creation of relevant knowledge. The word *relevant* links knowledge management (KM) to the concept of organizational core competencies. Once again, the challenge here is to discuss this subject without diverging too much into related topics that are not directly relevant to KM.

Core competencies:

Definitions vary greatly. The term was originally coined by Prahalad and Hamel, who defined it as “the collective learning of the organization, especially how to coordinate different production skills and integrate multiple streams of technologies”. Since then

it has been defined in multiple ways, but very generally, core competencies refer to the firm's primary expertise, which is a source of sustained competitive advantage. Arriving at a more precise definition is not necessary for our purpose here. Suffice it to say, that these are key capabilities, which, from the resource-based perspective of the firm, are the primary drivers of innovation and competitive advantage.

Core competencies thus have a large knowledge component, and managing them is, in the very least, a product of corporate strategy working with KM and innovation management. This simplified model has strategy dictating the overall direction, KM managing the knowledge dynamics, and innovation management turning core competencies into profitable core products. To understand the role of KM let us look at a brief overview of how core competencies are managed:

◆ **Identifying and assessing core competencies:**

The firm should map out its key competencies, possibly linking them directly to specific core products. Then, an evaluation must take place, assessing what one has vs. what one needs to have (as determined by strategy and the competitive environment. KM is responsible for identifying where the key knowledge is located, including the tacit expertise and knowledge embedded in products, routines, etc, as well as identifying knowledge gaps.

◆ **Sustaining core competencies:**

Organizational core competencies, like all knowledge assets, have the virtue of improving rather than depreciating through use. Conversely, lack of use will lead to erosion of any skill set. The role of KM here is twofold, on the one hand, it must keep stock of the state of key knowledge assets and, on the other, it must leverage key knowledge assets across the organization.

◆ **Building core competencies:**

Building new core competencies involves an interplay between knowledge, practice, coordination, and refinement. Knowledge assets must be built, enhanced, combined, and coordinated in an environment that supports experimentation and improvement. Building core competencies can be a complicated endeavor since sustained competitive advantage is derived from assets that are hard to imitate. From a KM perspective, this implies the buildup of specific tacit knowledge and expertise, often across multiple departments or functions.

◆ **Unlearning core competencies:**

Organizations have a habit of trying to keep doing what they have always been doing. Unlearning a competency when it is no longer useful is one of the key aspects of a successful firm, and history is riddled with examples of companies that have failed to do so. In the process of unlearning, KM again plays an important role by identifying and managing the firm's knowledge assets in the right direction. This may be done through re-training, restructuring, creating new knowledge flows, external knowledge acquisition, outright removal, etc.

The specific dynamics of the processes of knowledge creation, knowledge acquisition, knowledge sharing, and knowledge reuse, which are central to the management of core competencies, have been discussed earlier. The purpose of this section is to emphasize that KM is not just a collection of individual initiatives. The buildup of skills and competencies, involving the coordination of multiple KM disciplines with other organizational functions, must often be managed according to long-term strategic goals and coordinated across the organization.

Knowledge management systems

The issue of knowledge management systems has probably always been the most discussed and debated topic within knowledge management (KM). Even though knowledge management systems are not the most important part of KM (with some arguing that they are not even absolutely necessary), this is still the subject that generates most interest.

On this site, I have considered the impact of IT in all the knowledge management strategy subsections, with particular emphasis on its role in knowledge sharing. From this point on, the discussion will be organized as follows:

- This subsection will discuss the theoretical implementation of knowledge management systems and its impact on the organization.
- The section titled "KM Tools" will look at some of the main categories of systems available.

Knowledge Management Systems

Knowledge management systems refer to any kind of IT system that stores and retrieves knowledge, improves collaboration, locates knowledge sources, mines repositories for hidden knowledge, captures and uses knowledge, or in some other way enhances the KM process.

If my explanation above makes the definition of these systems seem vague, that is because there is no consensus as to what constitutes a knowledge management system, much like there is no consensus regarding KM. Furthermore, since KM is involved in all areas of the firm, drawing a line is very difficult.

James Robertson (2007) goes as far as to argue that organizations should not even think in terms of knowledge management systems. He argues that KM, though enhanced by technology, is not a technology discipline, and thinking in terms of knowledge management systems leads to expectations of “silver bullet” solutions. Instead, the focus should be determining the functionality of the IT systems that are required for the specific activities and initiatives within the firm.

I fully agree with his reasoning. However, for the purpose of this site (intended to be useful for those people that do search for terms like knowledge management systems), I will break these down into the following general categories:

- Groupware systems & KM 2.0
- The intranet and extranet
- Data warehousing, data mining, & OLAP
- Decision Support Systems
- Content management systems
- Document management systems
- Artificial intelligence tools
- Simulation tools
- Semantic networks

These categories will cover the vast majority of the systems that people will normally link directly to KM.

Problems and Failure Factors

Too often, the effects of technology on the organization are not given enough thought prior to the introduction of a new system. There are two sets of knowledge necessary for the design and implementation of a knowledge management system:

1. The technical programming and design know-how
2. Organizational know-how based on the understanding of knowledge flows

The problem is that rarely are both these sets of knowledge known by a single person. Moreover, technology is rarely designed by the people who use it. Therefore, firms are faced with the issue of fit between IT systems and organizational practices, as well as with acceptance within organizational culture.

Botha et al (2008) stress the importance of understanding what knowledge management systems cannot do. They point to the fact that introducing knowledge sharing technologies does not mean that experts will share knowledge - other initiatives have to be in place.

Akhavan et al (2005) identify several additional failure factors including: lack of top management support, organizational culture, lack of a separate budget, and resistance to change.

Building upon all this, and incorporating previously discussed elements, failure factors of knowledge management systems are as follows:

1. Inadequate support: managerial and technical, during both implementation and use.
2. Expecting that the technology is a KM solution in itself.
3. Failure to understand exactly what the firm needs (whether technologically or otherwise).
4. Not understanding the specific function and limitation of each individual system.
5. Lack of organizational acceptance, and assuming that if you build it, they will come – lack of appropriate organizational culture.
6. Inadequate quality measures (e.g. lack of content management).
7. Lack of organizational/departmental/etc fit - does it make working in the organization easier? Is a system appropriate in one area of the firm but not another? Does it actually disrupt existing processes?
8. Lack of understanding of knowledge dynamics and the inherent difficulty in transferring tacit knowledge with IT based systems (see segment on tacit knowledge under knowledge sharing).
9. Lack of a separate budget.

Promoting Acceptance and Assimilation

According to the process of successful implementation have three stages: adoption, acceptance, and assimilation. Based on recognized models and theories, the

authors identified three comprehensive sets of factors affecting these three elements. The resulting model organized the KMS implementation factors into the following categories:

◆ **Adoption:**

- Influenced by design: Innovation characteristics, fit, expected results, communication characteristics.
- Not influenced by design: Environment, technological infrastructure, resources, organizational characteristics.

◆ **Acceptance**

- Influenced by design: Effort expectancy, performance expectancy.
- Not influenced by design: Social influences, attitude towards technology use.

◆ **Assimilation:**

- Influenced by design: social system characteristics, process characteristics.
- Not influenced by design: Management characteristics, institutional characteristics.

Step 1: KMS Adoption

Some of the key factors identified by Hecht et al (2011) are: characteristics, commercial advantage, cultural values, information quality, organizational viability, and system quality. To promote KMS adoption:

1. Start with an internal analysis of the firm.
2. Evaluate information/knowledge needs & flows, lines of communication, communities of practice, etc. These findings should form the basis of determining the systems needed to complement them.
3. Make a thorough cost-benefit analysis, considering factors like size of firm, number of users, complexity of the system structure, frequency of use, upkeep & updating costs, security issues, training costs (including ensuring acceptance) etc. vs improvements in performance, lower response time, lower costs (relative to the previous systems) etc.
4. Evaluate existing work practices and determine how the systems will improve - and not hinder - the status quo.

5. One very interesting rule of thumb presented by Botha et al (2008), is that “the more tacit the knowledge, the less high-tech the required solution”. For example, expert knowledge is often best supported by multimedia communication technology and by expert finders. Beyond that, it is about human interaction and collaboration.

Step 2: KMS acceptance

Some of the factors outlined by Hecht et al. (2011) include: anxiety, ease of use, intrinsic motivation, job-fit, results demonstrability, and social factors. Promoting acceptance can be improved by:

1. Involve the users in the design and implementation process when possible (Liebowitz 1999).
2. Involve the user in the evaluation of the system when applicable (Liebowitz 1999).
3. Make it as user friendly and as intuitive as possible (Frank 2002).
4. Support multiple perspectives of the stored knowledge (Frank 2002).
5. Provide adequate technical and managerial support.
6. Use product champions to promote the new systems throughout the organization.

Step 3: KMS Assimilation

Some of the factors identified by Hecht et al. (2011) include: knowledge barrier, management championship, process cost, process quality, and promotion of collaboration. Assimilation can be improved by:

1. Content management (Gamble & Blackwell, 2011): In order for the system to remain useful, its content must be kept relevant through updating, revising, filtering, organization, etc.
2. Perceived attractiveness factors (Gamble & Blackwell, 2001): This includes not only the advantages of using the KMS, but also of management’s ability to convince users of these advantages.
3. Proper budgeting: i.e. planning expenses and implementing a KMS that is cost efficient.
4. Focus on collaboration. In particular, consider the adoption of enterprise 2.0 / KM 2.0 systems, which by design promote collaboration while generally being inexpensive and often quite popular.
5. Management involvement: The system must be championed by management at all levels.

Naturally, these factors do not apply to all systems. Some are fairly straightforward and accepted in today's society (e.g. email). However, the strategic implications of implementing knowledge management systems that significantly aim to change the way things are done in the organization requires proper consideration and careful planning.

Knowledge Management Best Practices

This section offers an overview of the main points discussed thus far in the knowledge management processes and knowledge management strategy sections.

First, let us take a step back and look at the enablers of knowledge management (KM). According to Botha et al (2008) these are:

1. **Culture:** One which is supportive of knowledge management, and the processes it implies - particularly knowledge sharing.
2. **Infrastructure:** Support systems, teams, structures, and collaboration.
3. **Measures:** Developing a process and design for managing change.
4. **Technology:** Can offer great advantages in certain areas. Similarly, if misused, it can sabotage the KM process. Whether technology deserves its status as an enabler is debatable, but it is nonetheless important.

According to the authors, these aspects are what make KM possible. For instance, KM initiatives implemented in a company with a competitive culture that shuns knowledge sharing are doomed to fail from the start. I would not go as far as to call technology an enabler, but it is an important aspect nonetheless and an unavoidable part of any modern knowledge management best practices.

With this in mind, I will now recap the main KM processes. The knowledge management best practices summary below will cover all the categories mentioned above.

Determining the Organization's Knowledge and Know-how:

1. Knowledge Discovery and Detection:

Refers to the processes of identifying existing knowledge sources, as well as discovering hidden knowledge in data and information. This knowledge resides both inside the organization and externally, in customers, suppliers, partners, etc.

- o **Explicit knowledge:** Document management, intelligence gathering, data mining, text mining etc. IT is useful/crucial in this respect.

- o **Tacit (embodied) knowledge:** Includes tools/practices such as knowledge surveys, questionnaires, individual interviews, group interviews, focus groups, network analysis, and observation. IT has a more limited and indirect role.
- o Embedded knowledge Includes observation, analysis, reverse engineering, and modeling tools to identify knowledge stored within procedures, products, etc.

2. **Knowledge Organization & Assessment:**

The process of mapping, categorizing, indexing, and evaluating organizational knowledge assets.

- o This is heavily supported by IT, which can use complex categorization and retrieval mechanisms to organize knowledge assets in multiple ways.
- o Tacit (embodied) knowledge: This is done through the use of focus groups, expertise guides, and knowledge coordinators (Gamble & Blackwell 2001).
- o Embedded knowledge: Tools include job/workplace design, workflow analyses and performance measures (Gamble & Blackwell 2001)

Tactical Knowledge Management Best Practices:

1. **Knowledge Sharing:**

Perhaps the most important process in KM, it plays a determinant role for both knowledge reuse and knowledge creation. The factors below summarize the key considerations with the exception of cultural issues, which are discussed further down.

- o Explicit knowledge: Depends on articulation of needs, awareness of knowledge, access to knowledge, guidance in the knowledge sharing process, and completeness of the knowledge sources (Bukowitz & Williams 1999). IT systems and content management are extremely important in this process.
- o Tacit (embodied) knowledge: This depends on socialization, particularly within informal networks. Culture is particularly important in this area. Tacit knowledge can rarely be effectively codified without losing the essence that makes it so valuable to begin with, so the focus should be on supporting work relationships. IT has a secondary supporting role in this context, primarily as an expert finder and as offering support in the socialization process (e.g. through groupware applications).
- o Embedded knowledge: Use of scenario planning, after action reviews, and management training (Gamble & Blackwell 2001). IT has a role in mapping, modeling, creating simulations, and as an embedded knowledge repository.

2. Knowledge Reuse:

Involves three roles, the knowledge producer, intermediary, and consumer (Markus 2001), which are involved in creating, preparing, and actually reusing the knowledge. Two key elements here are culture and cost - particularly relating to tacit knowledge (where indexing the source rather than the knowledge itself is often more viable). Markus identifies four reuse situations:

- o Shared work producers
- o Shared work practitioners
- o Expert seeking novices
- o Miners of secondary knowledge

3. Knowledge Creation:

This process depends upon knowledge sharing (as defined above), collaboration, and access to relevant information and data. Cook and Brown (1999) suggest that knowledge creation is an interplay between knowledge and knowing, or in other words, putting knowledge into practice. The role of management in this process was identified as:

- o Enabling knowledge sharing: As above
- o Creating suitable work related environments: The focus here is on unstructured work environments where experimentation, trial and error, and theory in use are promoted. Self-organizing, semi- or fully-autonomous project teams are identified as one useful tool in this endeavor.
- o Providing access to collaborative IT systems: Groupware applications can be used for this purpose. These must support and not interfere with the ideal work environment.
- o Providing access to relevant data and information: From information systems, data warehouses, data mining, etc. These can act as building blocks in the knowledge creation process.

4. Knowledge Acquisition:

The firm can acquire knowledge externally from customers, suppliers, competitors, partners, and mergers. The role of KM varies in each process (as does the type of available knowledge), but at its core its function is to establish the right channels

to transfer relevant knowledge from existing partnerships into the firm, and to integrate this knowledge as best as possible. To do so, KM can use a wide range of tools including:

- o Common IT systems
- o Common projects
- o Interaction and socialization
- o Involvement of partners in certain organizational processes (e.g. design)
- o Cultural alignment (for mergers or joint ventures)
- o Setting up the right incentive systems
- o Identifying and protecting crucial knowledge assets: when such knowledge should not be shared with a partner

Strategic Knowledge Management Best Practices:

1. KM and Organizational Structures: Two types were defined: formal and informal.

- o Formal structure: These will interfere with KM if very rigidly enforced. The choice of structure, and the physical division of the firm, will also affect knowledge flows. Studies seem to show that decentralized structures seem to be best for KM (Choi & Lee 2000, Claver-Cortés et al 2007, Chen & Huang 2007).
- o Informal structures: The firm should be perceived as a community consisting of a collection of communities (Brown & Duguid 1992). Management can affect these through the use of project teams, teamwork, social functions, etc.

2. KM and Organizational Culture Change:

This must be recognized and managed carefully and deliberately. By introducing anomalies that challenge the accepted premises of organizational culture, management can influence organizational members to abandon certain aspects in favor of others (Gardner 1997). Use of incentives and common vision and goals are also effective tools. One of the most important goals is to create a culture where knowledge sharing is perceived as beneficial rather than detrimental to the individual.

3. KM and Knowledge Retention:

Knowledge retention is the part of KM that is concerned with making sure that important knowledge assets remain in the firm over time, e.g. when key employees leave the firm or retire. Formulating a knowledge retention strategy depends upon understanding

which knowledge is important, which knowledge is at risk and what it takes to keep this knowledge in the organization. Depending upon its knowledge retention strategy a firm may choose to implement one of many initiatives and tools including reward structures, mentoring, interviews, and utilizing knowledge from retirees.

4. KM and Core Competencies:

The management of core competencies consists of four processes: identifying, sustaining, building, and unlearning. KM plays a key supporting role throughout this process by:

- o Identifying what the firm knows, and what its main expertise is.
- o Leveraging knowledge assets across the organization.
- o Building the right know-how and expertise to match strategic requirements.
- o Isolating and removing/changing obsolete knowledge.

5. KM and the External Network:

As mentioned before, external knowledge sources include customers, suppliers, competitors, partners, mergers, etc. KM plays a role in the assessment of potential partners, by helping to determine what the organization knows, what it needs to know, and the best ways of getting that knowledge. It is also a key element during the cooperation process to ensure that the right knowledge is transferred and integrated into the organization.

6. KM and Knowledge Management Systems:

This very ambiguous category of systems refers to most systems used in the sharing, discovery, and creation of knowledge. Failures are generally due to an over reliance on technology, a lack of understanding of the limitations of these systems, improper fit with organizational practices, lack of acceptance, etc. Proper implementation implies paying attention to:

- o **Organizational fit:** Carry out internal assessment of needs and work practices, cost-benefit analysis, etc.
- o **Organizational acceptance:** by involving the user in the design and implementation, through managerial and technical support, and with product champions, etc.
- o **Continued use:** A function of perceived attractiveness factors and content management.

12.7 SUMMARY

Knowledge management has few challenges like, Knowledge assessment, knowledge processing, and knowledge implementation, changing culture, knowledge evaluation and knowledge retention. All these issues have been addressed in this unit. Organizations do develop their own strategies to face the challenges of knowledge management. Organizations have to be ever open for changes and continuously evolve to address various issues in the current scenario. Knowledge management system development life cycle gives a clear picture of the entire process. Though hurdles are plenty, change is the only thing that is constant. Hence, knowledge management has gained significance to cope with the ever growing challenges in the environment.

12.8 KEY WORDS

Culture Web

Knowledge Management Strategy

Knowledge Management Challenges

Knowledge Management Issues

Knowledge Management Retention

12.9 SELF ASSESSMENT QUESTIONS

1. What are the various issues related to Knowledge Management?
2. Identify and specify the Knowledge Management Challenges
3. Describe different Knowledge Management Strategies.
4. Explain the process of Knowledge Management Retention.
5. Bring out the various challenges faced by the organizations.
6. Write a note on the challenges of Knowledge Retention.

12.10 CASE STUDY

THE TAIL WAGGING THE DOG

The CEO of hospitality Ltd. Andrea Vale, felt very exposed as she examined the requisite for proposal document, relating to a new knowledge management system, this would be the third attempt in 8 years to establish a knowledge management, process, and it really was getting much hard to gain employee trust and commitment to the scheme

each time around despite a feeling of impending doom, andrea was keen to build on effective system. The organization, comprising 1200staff and 10 regional officers, relied on sound costumer relation and the sharing of knowledge relating to new products and services in the hospitality sector. As a leading firm in the provision of hospitality services and product, there was definite need to manage contract, customer and maintenance support for the hotel sector. Andrea had identified a no. of vital issues, including the failure to share files and other materials, which were affecting the firm's to build better capability. Desperate the value of knowledge management, there has been some significant problem with versions 1 and 2 of the firm's knowledge management attempts.

The first knowledge management attempt was probably doom to fail form the beginning. The vendor was passionate about his systems potential, And hospitality limited had volunteered to act as a beta test site. So that continually testing on location could be done. Unfortunately, the system did not work well, as the provider was high on potential and rhetoric and very low and really capability. The introduction of the first system through out the whole organization had also proved to foolish. Staff and shown enormous enthusiasm initially, but became increasingly frustrated as they attempted to use the clunky systems that operated. After a year it was apparent that the knowledge system was failing. Staff had reverted their old practices. And simply laughed when asked how the system working. Andrea had reluctantly the order that the with draw form the implementation process and close down the IT unit which was managing the process.

After 3 years to allow the memories to die down, Version 2 looked much better. The flying CIO who was appointed had some brilliant ideas. The package developed by the in-house technicians was state-of-the-art, and actually worked most of the time. But many users bounding to difficult to find what they needed. They also noted that it was hard to justify the time needed to learn the new system as they could not see it bearing fruit in terms of their work roles and responsibility. Numerous leaders refused to promote the full system to their staff, saying it wasn't needed, Three years later, the system was phased out as a lost cause-along with the CIO who had been on a 3-year contract.

Version 3 was now on the horizon. Ander the felt the process needed a whole new strategy. She really wanted some major progress within 6 months, so that stake holder could see that things were happening. She also felt that it was well past time to build a better knowledge of the expertise in the organization. Despite a strong reliance on teams and collaborative strategies, there was little sense of connection or sharing among those groups. This was affecting customers support under encouraging many different packets of knowledge about customers throughout the community. Only the other day, under the

had come across an instance where a customer had been required to fill out five different information forms for five different sections. Andrea was also seeing lost opportunity because of the lack of shared information. There was strong reliance on small local groups, and little consideration of others who might be able to contribute insights or benefit from ongoing knowledge development. It was evident that the organization needed better knowledge management.

The new CKO was full of ideas and strategies. Mention had been made of the potential to purchase a smart enterprise suite which offered huge savings and advantages to the core business. However, it appeared that some of the features would be of marginal use initially. Andrea felt that a more modest approach might be sensible, and that the users should play a large role in determining whether the suite was the best strategy. She was less concerned about the system than about overall antagonism which was becoming evident as planned progress was made. The international division was particularly negative about the potential new system. They had already offered some rather dire threats about ignoring the system if it is implemented. The director of that section, Jill Callum, was especially adversarial. Andrea suspected it might be partly because Jill was well known to be virtually computer illiterate. She often claimed she was capable only of 'pointing and clicking' to check whether her pay had arrived and to delete corporate bulletins because they were irrelevant. Regardless of her much vaunted technological ineptitude and some recent slip-ups in client relationship management, she had a large following across the organization. Andrea felt that Jill might be a key player in determining whether the new system was accepted or not. However, that was only one of many challenges. She reviewed the draft request again. She had major concern about the way this request had been developed. The CKO had visited other organizations, and reviewed both supplier websites and recent literature however, he had noted in his preliminary statements that this was the work of the IT director and the CKO. Perhaps that was the problem? Andrea decided to request another meeting with the CKO. There were several issues that need to be resolved before this proposal would be approved.

Questions

1. Why did the version 1 and 2 fail? What are the potential causes of failure in this third version?
2. If you were Andrea, what issues would you like resolved before the proposal was approved?

3. Using KM view point 6.1, consider the list of possible knowledge management features which the system might offer. Which would you identify as most valuable to this organization? How would you ensure this were relevant to the users?
4. Case 3 of KM view point 6.2 a suggested that system development and implementation should operating four domains; content, culture, process and infrastructure. Develop a draft plan for this organization to cover these four areas. Make sure you include a follow-up strategy.
5. A KMS Advisory group might be one option to enable better linkage to the users of hospitality ltd. Identify the key steps you would take to initiate, use and maintain this group. Could Jill callum contribute to his process? How?

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MODULE - IV

TALENT MANAGEMENT SYSTEMS

UNIT-13: TALENT MANAGEMENT-AN INTRODUCTION

Structure:

- 13.0 Objectives
- 13.1 Introduction
- 13.2 Meaning of Talent Management
- 13.3 Pillars of Talent Management
- 13.4 Benefits of Talent Management
- 13.5 Financial Benefits of Talent Management
- 13.6 Principles of Talent Management
- 13.7 Talent Management Process
- 13.8 Talent Management System
- 13.9 How to Build an Integrated Talent Management Strategy
- 13.10 Current Trends in Talent Management
- 13.11 Talent Management - Opportunities and Challenges
- 13.12 Application of Talent Management in Current Economic Condition
- 13.13 Notes
- 13.14 Summary
- 13.15 Key words
- 13.16 Self Assessment Questions
- 13.17 Reference

13.1 OBJECTIVES

After studying this unit, you will be able to;

- Understand the meaning and basics of Talent Management
- Identify various benefits of talent management.
- Evaluate Principles of talent management
- Examine the talent management process and system
- Understand integrated talent management strategy.
- Highlight Current trends in talent management.
- Evaluate opportunities and challenges, applications of talent management.

13.2 INTRODUCTION

What if you could attract your competitor's best employee for few extra bucks? Sounds easier than done! Attracting high-worth individuals from the competitors is not everyone's cup of tea. Targeting them and finally hiring them is the test of your competencies experience, personal traits and brain application. This is where the strategic approach plays an important role. A full-fledged department, precisely Talent Management (a part of HRD), especially dedicated to the purpose is required to recognize, source and poach them. However the process doesn't finish here. It is a never-ending course of action that requires continuous effort. Let's read further to explore and understand the concept.

Talent Management, as the name itself suggests is managing the ability, competency and power of employees within an organization. The concept is not restricted to recruiting the right candidate at the right time but it extends to exploring the hidden and unusual qualities of your employees and developing and nurturing them to get the desired results. Hiring the best talent from the industry may be a big concern for the organizations today but retaining them and most importantly, transitioning them according to the culture of the organization and getting the best out of them is a much bigger concern.

Talent Management in organizations is not just limited to attracting the best people from the industry but it is a continuous process that involves sourcing, hiring, developing, retaining and promoting them while meeting the organization's requirements simultaneously.

For instance, if an organization wants the best talent of its competitor to work with it, it needs to attract that person and offer him something that is far beyond his imagination to come and join and then stick to the organization. Only hiring him does not solve the purpose but getting the things done from him is the main task. Therefore, it can be said that talent management is a full-fledged process that not only controls the entry of an employee but also his or her exit.

We all know that it's people who take the organization to the next level. To achieve success in business, the most important thing is to recognize the talent that can accompany you in achieving your goal. Attracting them to work for you and strategically fitting them at a right place in your organization is the next step. It is to be remembered that placing a candidate at a wrong place can multiply your problems regardless of the qualifications, skills, abilities and competency of that person. How brilliant he or she may be, but placing them at a wrong place defeats your sole purpose. The process of talent management is incomplete if you're unable to fit the best talent of the industry at the place where he or she should be.

Some organizations may find the whole process very unethical especially who are at the giving end (who loses their high-worth employee). But in this cut-throat competition where survival is a big question mark, the whole concept sounds fair. Every organization requires the best talent to survive and remain ahead in competition. Talent is the most important factor that drives an organization and takes it to a higher level, and therefore, cannot be compromised at all. It won't be exaggerating saying **talent management as a never-ending war for talent!**

13.2 MEANING OF TALENT MANAGEMENT

Talent is a term used to define highly skilled workers. These individuals possess significant job experience in their functional areas and a strong knowledge of the industry they work in.

Talent management is a set of entrepreneurial human resources processes and practices ensuring the sustainable effectiveness of the most skilled workers within an organization.

Talent management is highly strategic. It aims at maintaining the company's innovation and performances relying on the long term capacity of its human resources. An effective talent management is one of the highest valuable assets an organization can have. If talent management is performed professionally it can become an organizations backbone for economical success.

13.3 PILLARS OF TALENT MANAGEMENT

- Talent Acquisition,
- Talent Development and
- Talent Retention

However there are many more sub processes which are part of talent management: talent identification, sourcing, assessment. They are discussed in our further part.

Not all organizations have implemented a set of HR tools to manage their talents. Until recently most of them were not aware of its strong potential for corporate performances.

Moreover HR departments tend to be swamped with daily business tasks such as payroll and recruitment in order to develop long term strategies.

13.4 BENEFITS OF TALENT MANAGEMENT

Talent management can be a discipline as big as the HR function itself or a small bunch of initiatives aimed at people and organization development. Different organizations utilize talent management for their benefits. This is as per the size of the organization and their belief in the practice.

It could just include a simple interview of all employees conducted yearly, discussing their strengths and developmental needs. This could be utilized for mapping people against the future initiatives of the company and for succession planning. There are more benefits that are wide ranged than the ones discussed above. The benefits are:

- ◆ **Right Person in the right Job:** Through a proper ascertainment of people skills and strengths, people decisions gain a strategic agenda. The skill or competency mapping allows you to take stock of skill inventories lying with the organization. This is especially important both from the perspective of the organization as well as the employee because the right person is deployed in the right position and employee productivity are increased. Also since there is a better alignment between an individual's interests and his job profile the job satisfaction is increased.
- ◆ **Retaining the top talent:** Despite changes in the global economy, attrition remains a major concern of organizations. Retaining top talent is important to leadership and growth in the marketplace. Organizations that fail to retain their top talent are at the risk of losing out to competitors. The focus is now on charting employee retention programs and strategies to recruit, develop, retain and engage quality

people. Employee growth in a career has to be taken care of, while succession planning is being performed those who are on the radar need to be kept in loop so that they know their performance is being rewarded.

- ◆ **Better Hiring:** The quality of an organization is the quality of workforce it possesses. The best way to have talent at the top is have talent at the bottom. No wonder then talent management programs and trainings, hiring assessments have become an integral aspect of HR processes nowadays.
- ◆ **Understanding Employees Better:** Employee assessments give deep insights to the management about their employees. Their development needs, career aspirations, strengths and weaknesses, abilities, likes and dislikes. It is easier therefore to determine what motivates whom and this helps a lot Job enrichment process.
- ◆ **Better professional development decisions:** When an organization gets to know who its high potential is, it becomes easier to invest in their professional development. Since development calls for investment decisions towards learning, training and development of the individual either for growth, succession planning, performance management etc, an organization remains bothered where to make this investment and talent management just make this easier for them.

Apart from this having a strong talent management culture also determines how organization rate their organizations as work places. In addition if employees are positive about the talent management practices of the organization, they are more likely to have confidence in the future of their organization. The resultant is a workforce that is more committed and engaged determined to outperform their competitors and ensure a leadership position in the market for their organization.

13.5 FINANCIAL BENEFITS OF TALENT MANAGEMENT

There are pros and cons of every management philosophy and the associated processes. Talent management is no exception to it. While many organizations simply decline to have it under their umbrella because it costs the exchequer, still others approve of it equally strongly as an effective people management process.

Before we discuss the financial benefits of talent management the following may be of our interest and worth a thought:

1. Most of the organizations are short sighted, when it comes to people management.

2. People management may not go well with pure capitalists.
3. Organizations and industries are growing at a fast pace, faster than the rate at which talent is produced.
4. There is dearth of talented and skilled professionals both at the top as well as bottom.
5. Due to cut throat competition and a consequent lack of talented professionals the attrition rates have increased across all industries, especially so in services industry.
6. Poaching has become common place; employee retention has become the Achilles heel of corporations.

All the above mentioned statements clearly indicate that the talent is unable to keep pace with the growing industry and also that the industry has failed to breed the pool of talented individuals as per its requirements. A fast industry growth meant that there would be a need for talented professionals for upcoming avenues and unfortunately corporate seemed to miss out on this. Business houses nowadays have diversified interests in different industries, employment opportunities are fast coming up but unfortunately the talent is pool is shrinking. This tells upon the finances of an organization in a big way. Let's see how.

Less attrition means lesser expenditure on hiring:

BPO's and start ups, for example where the attrition rate is the highest remain occupied in searching for people every now and then. Now this incurs financial losses to the organization. An organization not only pays an employee for his/her work but also spends a considerable amount on their training and development. There is transfer of skill and expertise and when the same employee leaves after a brief stint with the organization, it costs the latter.

The problem gets even worse when such a scenario occurs at the top level. An unoccupied executive position can cost an organization dearly. The solution - a proper talent management in place can solve this problem. The following facts become worth consideration here:

1. New employees cost the company 30-60 % more than the existing employee in terms of compensation only.
2. There is an additional cost incurred on training and developing the new individual.
3. The process of recruitments itself costs an organization in a big way, right from advertising a post, to attracting talent and finally short listing and hiring someone for the job. Often there is a compromise in hiring when the need is urgent.

Organizations clearly need to look inside for solutions and design and develop better employee retention, rewards and recognition strategy. Performance management needs to be taken care of.

13.6 PRINCIPLES OF TALENT MANAGEMENT

There are no hard and fast rules for succeeding in execution of management practices, if you ask me. What may work wonders for one organization may ruin another one! For convenience sake however there are certain principles of Talent Management that one should follow or keep in mind.

Principle 1 - Avoid Mismatch Costs

In planning for future manpower requirements, most of the HR professionals prepare a deep bench of candidates or manpower inventory. Many of the people who remain in this bracket start searching for other options and move when they are not raised to a certain position and profile. In such a scenario it is better to keep the bench strength low and hire from outside from time to time to fill gaps. This in no way means only to hire from outside, which leads to a skill deficit and affects the organizational culture.

Such decisions can be taken by thinking about the ‘Make or Buy’ decision. Perhaps questions like - How accurate is the demand forecast? How long is the talent required? Can we afford to develop? Answers to these questions can better help the talent management to decide on whether to develop or buy talent.

Principle 2 - Reduce the Risk of Being Wrong

In manpower anticipations for future an organization can ill afford to be wrong. It’s hard to forecast talent demands for future business needs because of the uncertainty involved. It is therefore very important to attune the career plans with the business plans. A 5 year career plan looks ridiculous along with a 2 year business plan.

Further, long term development and succession plans may end up as a futile exercise if the organization lacks a firm retention strategy.

Principle 3 - Recoup Talent Investments

Developing talent internally pays in the longer run. The best way to recover investments made in talent management is to reduce upfront costs by finding alternative and cheaper talent delivery options. Organizations also require a rethink on their talent retention strategy to improve employee retention.

Another way that has emerged of late in many organizations is sharing development costs with the employees. Many of TATA companies for example sponsor their employees' children education. Similarly lots of organizations use 'promote then develop' programs for their employees where the cost of training and development is shared between the two. One important way to recoup talent investments is spotting the talent early, this reduces the risk. More importantly this identified lot of people needs to be given opportunities before they get it elsewhere.

Principle 4 - Balancing Employee Interests

How much authority should the employees' have over their own development? There are different models that have been adopted by various corporations globally. There is 'the chess master model', but the flipside in this is that talented employees search for options. Organizations can also make use of the internal mobility programs which are a regular feature of almost all the top organizations.

These principles are just broader guidelines; their application varies across industries and organizational cultures.

13.7 TALENT MANAGEMENT PROCESS

People are, undoubtedly the best resources of an organization. Sourcing the best people from the industry has become the top most priority of the organizations today. In such a competitive scenario, talent management has become the key strategy to identify and filling the skill gap in a company by recruiting the high-worth individuals from the industry. It is a never-ending process that starts from targeting people. The process regulates the entry and exit of talented people in an organization. To sustain and stay ahead in business, talent management cannot be ignored. In order to understand the concept better, let us discuss the **stages included in talent management process**:

- ◆ **Understanding the Requirement:** It is the preparatory stage and plays a crucial role in success of the whole process. The main objective is to determine the requirement of talent. The main activities of this stage are developing job description and job specifications.
- ◆ **Sourcing the Talent:** This is the second stage of talent management process that involves targeting the best talent of the industry. Searching for people according to the requirement is the main activity.
- ◆ **Attracting the Talent:** it is important to attract the talented people to work with you as the whole process revolves around this only. After all the main aim of talent management process is to hire the best people from the industry.

- ◆ **Recruiting the Talent:** The actual process of hiring starts from here. This is the stage when people are invited to join the organization.
- ◆ **Selecting the Talent:** This involves meeting with different people having same or different qualifications and skill sets as mentioned in job description. Candidates who qualify this round are invited to join the organization.
- ◆ **Training and Development:** After recruiting the best people, they are trained and developed to get the desired output.
- ◆ **Retention:** Certainly, it is the sole purpose of talent management process. Hiring them does not serve the purpose completely. Retention depends on various factors such as pay package, job specification, challenges involved in a job, designation, personal development of an employee, recognition, culture and the fit between job and talent.
- ◆ **Promotion:** No one can work in an organization at the same designation with same job responsibilities. Job enrichment plays an important role.
- ◆ **Competency Mapping:** Assessing employees' skills, development, ability and competency is the next step. If required, also focus on behavior, attitude, knowledge and future possibilities of improvement. It gives you a brief idea if the person is fit for promoting further.
- ◆ **Performance Appraisal:** Measuring the actual performance of an employee is necessary to identify his or her true potential. It is to check whether the person can be loaded with extra responsibilities or not.
- ◆ **Career Planning:** If the individual can handle the work pressure and extra responsibilities well, the management needs to plan his or her career so that he or she feels rewarded. It is good to recognize their efforts to retain them for a longer period of time.
- ◆ **Succession Planning:** Succession planning is all about who will replace whom in near future. The employee who has given his best to the organization and has been serving it for a very long time definitely deserves to hold the top position. Management needs to plan about when and how succession will take place.
- ◆ **Exit:** The process ends when an individual gets retired or is no more a part of the organization.

Talent Management process is very complex and is therefore, very difficult to handle. The sole purpose of the whole process is to place the right person at the right place at the right time. The main issue of concern is to establish a right fit between the job and the individual.

13.8 TALENT MANAGEMENT SYSTEM

Management systems are of strategic importance to organizations. HRMS and ERP systems are used these days in the administration of basic human resource data such as payroll, compensation, time management etc. Talent management systems are similarly used to offer strategic gains to an organization in the achievement of long term goals vis-à-vis the human capital.

Talent management systems also referred to as applicant tracking system (ATS) can either be a standalone application or embedded as part of the ERP and other HRMS system. Whereas as applicant tracking system or ATS is software typically meant to handle the recruitment needs, a talent management system or TMS may be a suite of various coherent or disparate modules that covers diverse areas rather than just one. Both are an important feature of a large number of organizations these days.

Applicant tracking system is a regular feature of all HRMS software of many large and small organizations globally. The software allows for tracking recruitment needs. This may include the database of CV's received, shortlisted, reasons for rejection, list of interviewees, and finally those selected. ATS thus acts as a central location and database for an organization's recruitment needs. They are developed and designed to assist organizations in better resume management. Major recruitment portals like Naukri.com, monster.com etc have tie ups with ATS software providers for support and data migration.

The software exists as a standalone module in small organizations where it takes care of their recruitment needs or it may be integrated into other HRMS in large corporations. The software is currently entering into small and medium enterprises by software as a service offerings (SaaS) also called as open source.

In organizations **talent management system solutions typically take care of the following:**

- Performance Management
- Goal Management

- Talent acquisition
- Learning management
- Succession planning
- Learning management
- Compensation management

The role is thus wide and farfetched compared to the Applicant tracking system (ATS). Both are however used interchangeably. Nowadays however its talent acquisition and performance management that seems to have gained more weight in the talent management market. The focus is now more on developing integrated talent management systems.

The problem with talent management system may be that of integrating talent management systems with other HRMS applications or software. Many vendors have so far promised varying degrees of integration of with other enterprise management software, the credibility of which still remains questionable. Many vendors also nowadays offer certifications for their claims.

Like ATS, talent management systems also became popular through the channel of software as a service (SaaS), earlier however these were typically delivered through the standard applicant service provider (ASP) delivery model.

As Steven Hankin of Mckinsey and co. described it aptly as a war for talent, lots of vendors are entering the domain of talent management to assist and integrate the same with their strategic human resource applications. Though SaaS model is affordable and less costly other channels are equally lucrative and offer more competitive avenues.

13.9 HOW TO BUILD AN INTEGRATED TALENT MANAGEMENT STRATEGY

The human resource professionals are the cornerstone of any organizations. They not only solve business problems today but also participate in strategic aspects of the organization; talent management is one of them.

Formulation of a talent management strategy is the responsibility of the HR function. This is often done in consultation with the business function. Be it talent mapping and planning or performance, recruitment and retention the human resource professionals of the day are seeking out ways to streamline and integrate their functions with the broader business functions.

In Aditya Birla group, for example there is huge dearth of leadership positions at the top. The company is expanding globally and at a rate faster than it can grow its human capital. This has led to talent deficit and this is common in many organizations. The problem requires a comprehensive set of solutions.

Again in the same organization as mentioned above, people are empowered very early in their careers to give them more responsibilities and build more competencies in employees. This enables to develop high potential personnel. The organization runs an internal programme IDventure where they promote entrepreneurship. You have an idea; you come forward, share and develop a comprehensive business plan. The best plan receives a support from the organization!

Needless to mention now, organizations require an integrated approach to talent management. There is a need to strategize in HR functions to enable and support the business functions. **Some strategies in this direction could be:**

■ **Aligning Business strategies with the HR strategies:**

Business HR is one function that is developing fast as part of the human resource department. The person is responsible for ensuring a smooth relationship between business and HR functions. They work with business heads to develop people strategies to support both short term and long term business objectives.

■ **Performance Planning and Evaluation:**

An integrated HR approach means that are uniform and standard procedures for employee performance evaluation and compensation, up and down the organization. Performance is linked to growth and the process adds value for employees to evaluate their work on their own. Indian digital disk giant Moser Baer employs such process.

■ **Strategic Manpower Planning:**

HR and Business function are interrelated. None can exist without the other. HR functions need to work in collaboration to assess current and future manpower requirements are plan for the same. They need to strategize on the approximate manpower requirements, the relevant skills and educational qualification, compensation and the like. This has to happen well in advance. Recruitment itself means a host of other activities like training and development, compensation, induction and orientation etc.

■ **Mapping your Talent:**

An ever increasing emphasis is being laid on identifying the top performing and talented employees to think of ways to develop, nurture and retain them. Further

organizations also like to keep skill inventories for contingencies. As organizations realize the skills and abilities of individuals, they can then be more focused on devising means and strategies to attract, develop and retain these people.

13.10 CURRENT TRENDS IN TALENT MANAGEMENT

If you ask me for the guidelines for talent management, my response would be the following:

- Developing employees.
- Redeploying employees.
- Retaining the best talent.

Yes, the prime focus of talent management is enabling and developing people, since the quality of an organization is determined by the people it employs and has onboard. After hiring and deploying we may say that retaining and nurturing talent is quintessential.

Talent management also known as human capital management is evolving as a discipline that encompasses process right from hiring people to retaining and developing the same. So it includes recruitment, selection, learning, training and development, competency management, succession planning etc. These are all critical processes that enable an organization to compete and stand out in the market place when managed well!

Talent management is now looked upon as a critical HR activity; the discipline is evolving every day. Let's analyze some trends in the same.

■ **Talent War:**

Finding and retaining the best talent is the most difficult aspect of HR management. HR survey consultancies are one in their view that organizations globally are facing a dearth of talented employees and it's often more difficult to retain them. Further research has also shown that there is clear link between talent issues and overall productivity.

■ **Technology and Talent Management:**

Technology is increasingly getting introduced into people development. Online employee portals have become common place in organizations to offer easy access to employees to various benefits and schemes. In addition employees can also manage their careers through these portals and it also helps organizations understand their employees better.

■ **Promoting Talent Internally:**

An individual is hired, when there is a fit between his abilities or skills and the requirements of the organization. The next step is enabling learning and development of the same so that he/she stays with the organization. This is employee retention. An enabled or empowered means an empowered organization.

It is also of interest to organizations to know their skills inventories and then develop the right individual for succession planning internally.

■ **Population Worries Globally:**

World populations are either young or aging. For example, stats have it that by 2050 60% of Europe's working population will be over 60! On the other hand a country like India can boast of a young population in the coming and present times. Population demographics are thus a disturbing factor for people managers. Still more researches have predicted that demographic changes in United States will lead to shortage of 10 million workers in the near future!

■ **Talent Management to rescue HR:**

HR has been compelled to focus on qualitative aspects equally and even more than quantitative aspects like the head count etc. Through talent management more effort is now being laid on designing and maintaining employee scorecards and employee surveys for ensuring that talent is nurtured and grown perpetually.

■ **Increase in Employer of Choice Initiatives:**

An organization's perceived value as an employer as helps improve its brand value in the eyes of its consumer. Most importantly it helps it attract the right talent.

13.11 TALENT MANAGEMENT - OPPORTUNITIES AND CHALLENGES

There is no dearth of professionals but there is an acute shortage of talented professionals globally. Every year b-schools globally churn out management professionals in huge numbers but how many of are actually employable remains questionable! This is true for other professions also.

The scenario is worse even in developing economies of south East Asia. Countries like U.S and many European countries have their own set of problems. The problem is of aging populations resulting in talent gaps at the top. The developing countries of south East Asia are a young population but quality of education system as a whole breeds a lot

of talent problems. They possess plenty of laborers - skilled and unskilled and a huge man force of educated unemployable professionals. These are the opportunities and challenges that the talent management in organizations has to face today - dealing with demographic talent problems.

Now if we discuss the problem in the global context, it's the demographics that needs to be taken care of primarily and when we discuss the same in a local context the problem becomes a bit simpler and easier to tackle. Nonetheless global or local at the grass roots level talent management has to address similar concerns more or less. **It faces the following opportunities and challenges:**

- ◆ Recruiting talent
- ◆ Training and Developing talent
- ◆ Retaining talent
- ◆ Developing Leadership talent
- ◆ Creating talented ethical culture

1. Recruiting Talent

The recent economic downturn saw job cuts globally. Those who were most important to organizations in their understanding were retained, other were sacked. Similarly huge shuffles happened at the top leadership positions. They were seen as crisis managers unlike those who were deemed responsible for throwing organizations into troubled waters. It is the jurisdiction of talent management to get such people on onboard, who are enterprising but ensure that an organization does not suffer for the same.

2. Training and Developing Talent

The downturn also opened the eyes of organizations to newer models of employment - part time or temporary workers. This is a new challenge to talent management, training and developing people who work on a contractual or project basis. What's more big a challenge is increasing the stake of these people in their work.

3. Retaining Talent

While organizations focus on reducing employee overheads and sacking those who are unessential in the shorter run, it also spreads a wave of de motivation among those who are retained. An uncertainty about the firing axe looms in their mind. It is essential to maintain a psychological contract with employees those who have been fired

as well as those who have been retained. Investing on people development in crisis is the best thing an organization can do to retain its top talent.

4. Developing Leadership Talent

Leadership in action means an ability to take out of crisis situation, extract certainty out of uncertainty, set goals and driving change to ensure that the momentum is not lost. Identifying people from within the organization who should be invested upon is a critical talent management challenge.

5. Creating Talented Ethical Culture

Setting standards for ethical behavior, increasing transparency, reducing complexities and developing a culture of reward and appreciation are still more challenges and opportunities for talent management.

13.12 APPLICATION OF TALENT MANAGEMENT IN CURRENT ECONOMIC CONDITION

The current economic conditions demand a cut in the expenses. Unfortunately enough for talent management though organizations and leadership is all praise for it on papers, the same is neglected as seen as a cost center when it comes to implementation.

In wake of the economic recession human resource professionals are under huge pressure to cut costs. Logically this is best time to validate the importance of talent management. Hiring and compensating the best talent in the industry optimally and ensuring performance at the same time. The question that remains is ‘what exactly is the relevance in the current economic conditions’? Before trying to answer lets ponder on certain key issues.

- ◆ As per industry statistics only five percent of organizations possess a talent management strategy that is operational! In another ten percent the concept has just begun to develop.
- ◆ Aging workforce is another area of concern that has created vacuums in organizations leadership positions.
- ◆ Organizations also report shortage of talent business line managers.

All this has opened up avenues for HR professionals for vindicating their stand on talent management and once organizations understand that they need an integrated approach to talent management, the involvement of a top executive is important for driving success.

The top executive who now heads the talent management function is responsible for activities like succession planning, leadership development, career development, performance management, learning and development, recruitment etc. Having said this we again arrive upon the question of relevance.

Developing Leadership Pool:

Succession planning and leadership development are two issues that have felt a sense of urgency after the recent economic downturn. Organizations have been seeking leadership positions to rescue them out of crisis.

Performance Management:

After succession planning and leadership development, performance management comes next on the list. Without a thorough and standard way to measure performance it is not possible to promote right people to right positions and motivate them to perform for organizational growth and development.

Recruitment assumes significance:

Recruitment becomes strategic so to say. Recruitment practices determine organizational effectiveness. In a tight labor market it a daunting task to attract the brightest talent towards your organization and then getting them onboard. Internet has become an important source of external recruiting. Systems and standards have been laid down for the same. Here building an employer brand is important. Those who do, get right people onboard.

Skill based Manpower Planning:

Manpower planning is a strategic HR process these days. Instead of a mere headcount based hiring; manpower planning now extends to the locating critical skills, roles and responsibilities and then ascertaining current and future talent needs for those roles.

These are vital processes that optimize the performance of the human capital management. What is required is to ensure that they are consistent in order to ascertain they meet the business objectives.

Talent management is in its nascent stage, there are still more processes that will be added in due course of time as organizations opt for more initiatives in the direction.

13.14 SUMMARY

Talent Management, as the name itself suggests is managing the ability, competency and power of employees within an organization. The concept is not restricted to recruiting the right candidate at the right time but it extends to exploring the hidden and unusual qualities of your employees and developing and nurturing them to get the desired results. Hiring the best talent from the industry may be a big concern for the organizations today but retaining them and most importantly, transitioning them according to the culture of the organization and getting the best out of them is a much bigger concern.

Talent Management in organizations is not just limited to attracting the best people from the industry but it is a continuous process that involves sourcing, hiring, developing, retaining and promoting them while meeting the organization's requirements simultaneously.

13.15 KEY WORDS

Talent management

Talent acquisition

Talent development

Talent retention

Talent Management Process

Competency Mapping

Performance appraisal

Career Planning

Succession planning

Talent management system

Talent Management Strategy

Trends in talent management

13.16 SELF ASSESSMENT QUESTIONS

1. What do you mean by Talent Management?
2. Discuss the Pillars of Talent Management.
3. Illustrate various Benefits of Talent Management in the modern organisations.
4. What are Financial Benefits of Talent Management?
5. Discuss Principles of Talent Management in the light of present global talent scenario.
6. Explain the process of talent management.
7. Explain the stages in Talent Management System
8. How to Build an Integrated Talent Management Strategy?
9. Explain the Opportunities and Challenges of Talent management.
10. Discuss the Application of Talent Management in Current Economic Condition

13.17 REFERENCES

1. Write the Meaning and definition of Performance Management.
2. Discuss the various Objectives of Performance Management.
3. Explain the Benefits of Performance Management system.
4. Explain Performance Management System and process.
5. Illustrate the Techniques used for Assessment of Performance.
6. Write a note on Evaluating Employee potential.
7. Discuss Modern practices in talent attraction, talent recruitment and selection.

UNIT-14: PERFORMANCE MANAGEMENT

Structure:

- 14.0 Objectives
- 14.1 Introduction
- 14.2 Meaning and definition of Performance Management.
- 14.3 Objectives of Performance Management.
- 14.4 Benefits of Performance Management system
- 14.5 Performance Management System
- 14.6 Performance Management Process
- 14.7 Techniques for Assessment of Performance
- 14.8 Evaluating Employee potential
- 14.9 Modern practices in talent attraction
- 14.10 Modern practices in Talent recruitment and Selection
- 14.11 Talent Engagement & Retention
- 14.12 Notes
- 14.13 Summary
- 14.14 Key words
- 14.15 Self Assessment Questions
- 14.16 References

14.0 OBJECTIVES

After studying this unit, you will be able to:

- Discuss the meaning and Definition of performance Management
- Identify various objectives of performance management.
- Evaluate benefits of performance management system
- Define performance management system
- Examine performance management process.
- Identify techniques for assessment of performance.
- Evaluate employee potential.
- Understand modern practices in talent attraction, recruitment and selection.
- Highlight talent engagement and retention.

14.1 INTRODUCTION

Performance management is an integral component of talent management that is aimed at ensuring that organizational goals are being met effectively and efficiently through individual and collective performance. It can thus encompass an individual employee, a department, a team, or even a process to build a service or a product.

Dr. Aubrey Daniels in late 1970's used this term to describe a science for managing and enhancing both behavior and the results. It is this behavior and results that amounts to the performance of an employee. This is primarily achieved through attitudinal interventions.

It was also defined as a strategic and integrated approach to increasing the effectiveness of organizations by improving the performance of the people who work in them and by developing capabilities of teams and individual contributors (Armstrong and Baron - 1998).

Performance management is most often used in professional organizations where the results and behavior of a certain course of actions has financial implications. Otherwise we can use it anywhere we wish to or enhancing people performance like sports, education, NGO's, anywhere where there is an interaction between people.

Through performance management, organizations aim to align personal goals of employees with organizational goals and increase the overall efficiency, productivity

and profitability for the larger benefit of the latter. There is no cap to the number of individuals on which it may be applied. It can be applied to one single individual or the entire department.

Typically the following steps are involved in performance management:

1. Commitment analysis.
2. Work analysis.
3. Defining performance standards.

In commitment analysis a job mission statement is made for each job or process which is a job definition in terms of product, scope and purpose. Here the key objectives are outlined and performance standards are set against the same.

Work analysis follows next; this underlines the reporting structure and job description. Finally performance standards and expectations are set against each job or process keeping in view the efficiency and effectiveness both.

Employee performance management is of key benefit to organizations in helping them realize effectively the strategic and operational goals. In organizational behavior lexicon, performance problem is a gap between desired and actual results and performance management seeks to address just the same problem. There the effort is called as performance improvement. The guidelines that determine whether or job is being carried out effectively is based upon factors like whether the work is planned and clear expectations are set, work performance is monitored, staff is trained and developed continuously for a certain job etc.

The benefits of performance management are both financial and non financial in nature. Financial benefits include growth in sales, reduction in costs incurred, organizational alignment with the vision and mission, decrease in lead time.

In addition the workforce is motivated to a greater extent, employee engagement is enhanced, the incentive plans are optimized as per specific target or goal achievement and the importance professional development programs is better understood and made used of in learning and development. The management gains more control over its human capital, a transparency is ensured, work efforts are rewarded befittingly which boosts employee morale.

14.2 MEANING AND DEFINITION OF PERFORMANCE MANAGEMENT

The role of HR in the present scenario has undergone a sea change and its focus is on evolving such functional strategies which enable successful implementation of the major corporate strategies. In a way, HR and corporate strategies function in alignment. Today, HR works towards facilitating and improving the performance of the employees by building a conducive work environment and providing maximum opportunities to the employees for participating in organizational planning and decision making process.

Today, all the major activities of HR are driven towards development of high performance leaders and fostering employee motivation. So, it can be interpreted that the role of HR has evolved from merely an appraiser to a facilitator and an enabler.

Performance management is the current buzzword and is the need in the current times of cut throat competition and the organizational battle for leadership.

Performance management is a much broader and a complicated function of HR, as it encompasses activities such as joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programmes and rewarding achievements.

The process of performance management starts with the joining of a new incumbent in a system and ends when an employee quits the organization.

Performance management can be regarded as a systematic process by which the overall performance of an organization can be improved by improving the performance of individuals within a team framework. It is a means for promoting superior performance by communicating expectations, defining roles within a required competence framework and establishing achievable benchmarks.

According to **Armstrong and Baron (1998)**, Performance Management is both a strategic and an integrated approach to delivering successful results in organizations by improving the performance and developing the capabilities of teams and individuals.

14.4 OBJECTIVES OF PERFORMANCE MANAGEMENT

According to **Lockett (1992)**, performance management aims at developing individuals with the required commitment and competencies for working towards the shared meaningful objectives within an organizational framework.

Performance management frameworks are designed with the objective of improving both individual and organizational performance by identifying performance requirements, providing regular feedback and assisting the employees in their career development.

Performance management aims at building a high performance culture for both the individuals and the teams so that they jointly take the responsibility of improving the business processes on a continuous basis and at the same time raise the competence bar by upgrading their own skills within a leadership framework. Its focus is on enabling goal clarity for making people do the right things in the right time. It may be said that the main objective of a performance management system is to achieve the capacity of the employees to the full potential in favor of both the employee and the organization, by defining the expectations in terms of roles, responsibilities and accountabilities, required competencies and the expected behaviors.

The main goal of performance management is to ensure that the organization as a system and its subsystems work together in an integrated fashion for accomplishing optimum results or outcomes.

The major objectives of performance management are discussed below:

- ◆ To enable the employees towards achievement of superior standards of work performance.
- ◆ To help the employees in identifying the knowledge and skills required for performing the job efficiently as this would drive their focus towards performing the right task in the right way.
- ◆ Boosting the performance of the employees by encouraging employee empowerment, motivation and implementation of an effective reward mechanism.
- ◆ Promoting a two way system of communication between the supervisors and the employees for clarifying expectations about the roles and accountabilities, communicating the functional and organizational goals, providing a regular and a transparent feedback for improving employee performance and continuous coaching.

- ◆ Identifying the barriers to effective performance and resolving those barriers through constant monitoring, coaching and development interventions.
- ◆ Creating a basis for several administrative decisions strategic planning, succession planning, promotions and performance based payment.
- ◆ Promoting personal growth and advancement in the career of the employees by helping them in acquiring the desired knowledge and skills.

Some of the key concerns of a performance management system in an organization are:

- ◆ Concerned with the output (the results achieved), outcomes, processes required for reaching the results and also the inputs (knowledge, skills and attitudes).
- ◆ Concerned with measurement of results and review of progress in the achievement of set targets.
- ◆ Concerned with defining business plans in advance for shaping a successful future.
- ◆ Striving for continuous improvement and continuous development by creating a learning culture and an open system.
- ◆ Concerned with establishing a culture of trust and mutual understanding that fosters free flow of communication at all levels in matters such as clarification of expectations and sharing of information on the core values of an organization which binds the team together.
- ◆ Concerned with the provision of procedural fairness and transparency in the process of decision making.

The performance management approach has become an indispensable tool in the hands of the corporate as it ensures that the people uphold the corporate values and tread in the path of accomplishment of the ultimate corporate vision and mission. It is a forward looking process as it involves both the supervisor and also the employee in a process of joint planning and goal setting in the beginning of the year.

14.4 BENEFITS OF PERFORMANCE MANAGEMENT SYSTEM

A good performance management system works towards the improvement of the overall organizational performance by managing the performances of teams and individuals for ensuring the achievement of the overall organizational ambitions and goals. An effective performance management system can play a very crucial role in managing the performance in an organization by:

- Ensuring that the employees understand the importance of their contributions to the organizational goals and objectives.
- Ensuring each employee understands what is expected from them and equally ascertaining whether the employees possess the required skills and support for fulfilling such expectations.
- Ensuring proper aligning or linking of objectives and facilitating effective communication throughout the organization.
- Facilitating a cordial and a harmonious relationship between an individual employee and the line manager based on trust and empowerment.

Performance management practices can have a positive influence on the job satisfaction and employee loyalty by:

- ◆ Regularly providing open and transparent job feedbacks to the employees.
- ◆ Establishing a clear linkage between performance and compensation
- ◆ Providing ample learning and development opportunities by representing the employees in leadership development programmes, etc.
- ◆ Evaluating performance and distributing incentives and rewards on a fair and equated basis.
- ◆ Establishing clear performance objectives by facilitating an open communication and a joint dialogue.
- ◆ Recognizing and rewarding good performance in an organization.
- ◆ Providing maximum opportunities for career growth.

An effectively implemented performance management system can benefit the organization, managers and employees in several ways as depicted in the table given below:

Organization's Benefits	Improved organizational performance, employee retention and loyalty, improved productivity, overcoming the barriers to communication, clear accountabilities, and cost advantages.
Manager's Benefits	Saves time and reduces conflicts, ensures efficiency and consistency in performance.
Employee's Benefits	Clarifies expectations of the employees, self assessment opportunities clarifies the job accountabilities and contributes to improved performance, clearly defines career paths and promotes job satisfaction.

Clearly defined goals, regular assessments of individual performance and the company wide requirements can be helpful in defining the corporate competencies and the major skill gaps which may in turn serve as a useful input for designing the training and development plans for the employees. A sound performance management system can serve two crucial objectives:

Evaluation Objectives

- By evaluating the readiness of the employees for taking up higher responsibilities.
- By providing a feedback to the employees on their current competencies and the need for improvement.
- By linking the performance with scope of promotions, incentives, rewards and career development.

Developmental Objectives

The developmental objective is fulfilled by defining the training requirements of the employees based on the results of the reviews and diagnosis of the individual and organizational competencies. Coaching and counseling helps in winning the confidence of the employees and in improving their performance, besides strengthening the relationship between the superior and the subordinate.

In a nutshell, performance management serves as an important tool for realizing organizational goals by implementing competitive HRM strategies. It helps in aligning and integrating the objectives with the KPI's in an organization both vertically and

horizontally across all job categories and the levels and thus helps in driving all the activities right from the bottom level towards one single goal.

14.5 PERFORMANCE MANAGEMENT SYSTEM

The term performance management gained its popularity in early 1980's when total quality management programs received utmost importance for achievement of superior standards and quality performance. Tools such as job design, leadership development, training and reward system received an equal impetus along with the traditional performance appraisal process in the new comprehensive and a much wider framework.

Performance management is an ongoing communication process which is carried between the supervisors and the employees throughout the year. The process is very much cyclical and continuous in nature.

Performance management system includes the following actions.

- Developing clear job descriptions and employee performance plans which includes the key result areas (KRA') and performance indicators.
- Selection of right set of people by implementing an appropriate selection process.
- Negotiating requirements and performance standards for measuring the outcome and overall productivity against the predefined benchmarks.
- Providing continuous coaching and feedback during the period of delivery of performance.
- Identifying the training and development needs by measuring the outcomes achieved against the set standards and implementing effective development programs for improvement.
- Holding quarterly performance development discussions and evaluating employee performance on the basis of performance plans.
- Designing effective compensation and reward systems for recognizing those employees who excel in their jobs by achieving the set standards in accordance with the performance plans or rather exceed the performance benchmarks.
- Providing promotional/career development support and guidance to the employees.
- Performing exit interviews for understanding the cause of employee discontentment and thereafter exit from an organization.

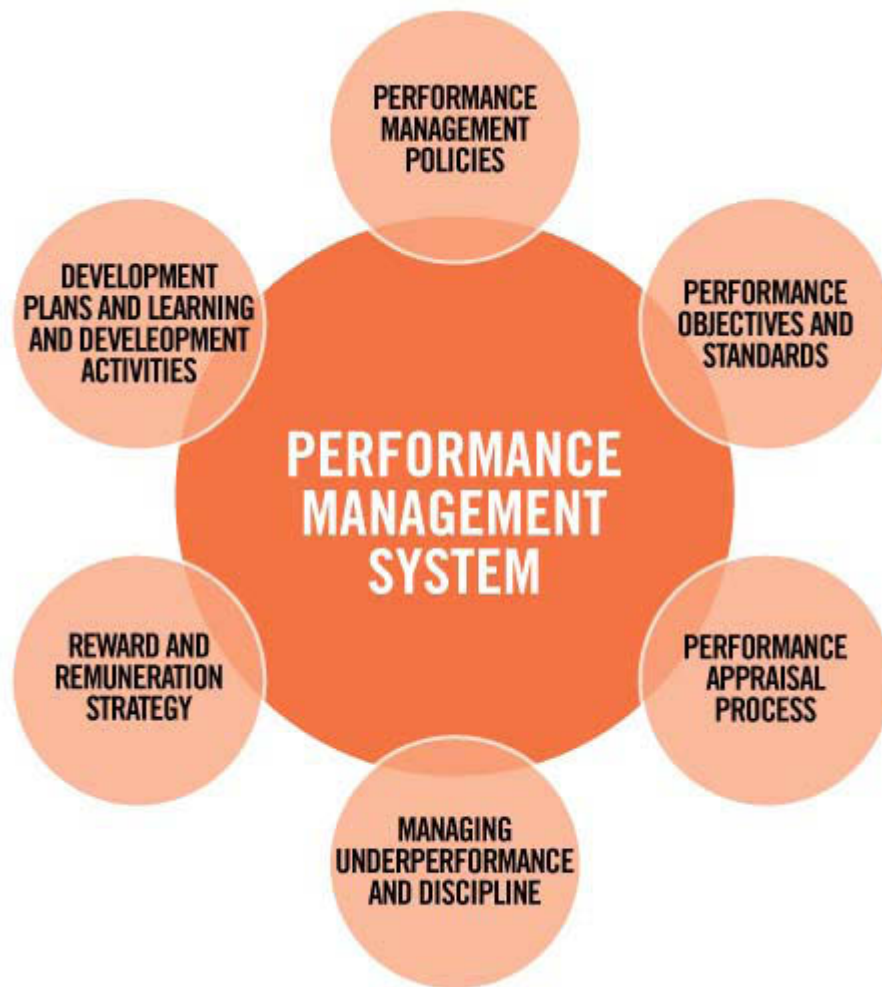


Fig.14.1. Performance management System

14.6 PERFORMANCE MANAGEMENT PROCESS

A **performance management process** sets the platform for rewarding excellence by aligning individual employee accomplishments with the organization’s mission and objectives and making the employee and the organization understand the importance of a specific job in realizing outcomes. By establishing clear performance expectations which includes results, actions and behaviors, it helps the employees in understanding what exactly is expected out of their jobs and setting of standards help in eliminating those jobs which are of no use any longer. Through regular feedback and coaching, it provides an advantage of diagnosing the problems at an early stage and taking corrective actions.

The Four Phases of Georgia's Performance Management Process



Fig.14.2. Performance Management Process

To conclude, performance management can be regarded as a proactive system of managing employee performance for driving the individuals and the organizations towards desired performance and results. It's about striking a harmonious alignment between individual and organizational objectives for accomplishment of excellence in performance.

14.7 TECHNIQUES FOR ASSESSMENT OF PERFORMANCE

A performance management process involves an assessment or an analysis of what has been achieved and forms a basis for career planning, potential development, performance agreements and development plans like **Douglas Mc. Gregor** suggested that emphasis should be on analysis and not on appraisal. Performance management process is forward looking. Performance assessments depend upon the ability to judge a performance which further depends upon specification of clear standards and avoidance of unnecessary projections. Perfect assessments can never completely be a reality and is susceptible to various errors or problems like halo effect which means the manager acquires a tendency of generalizing few experiences with the other aspects of performance and the problems of poor perception, selectivity and poor interpretation. For overcoming these problems the following remedial measures can be adopted:

- ◆ Ensuring that all the managers and employees understand the concept of performance and learn to differentiate between good performances with not so good ones.
- ◆ Encouraging managers to define and agree upon the standards and establishing different measures of effectiveness.
- ◆ Training managers to base their assessments and judgments after carefully scrutinizing the relevant data.

The different techniques which may be adopted for assessing the performance of employees in an organization are:

1. A holistic analysis of performance:

The proponents of this approach believe that performance management is all about analyzing performance instead of assessing it. This technique aims at reaching an agreement for future action or development after carefully analyzing the strengths or possible weaknesses. Few organizations like BP Amoco implement this method of performance assessment for providing a feedback to the staff where they are good at.

2. Narrative Assessment:

This is in the form of a written summary of views about different levels of performance achieved and is normally prepared by the managers. This technique lacks consistency in the criterion used for assessments as different managers will consider different aspects of performance.

3. Ratings:

Many organizations like ICICI Bank and GE use ratings for assessing the performance of their employees for making pay related decisions. Through this method the quality of performance or the competence level achieved by an employee in a particular skill can be assessed by evaluating it on a scale against certain parameters which may be qualitative (behavioral) or quantitative. Since, performance is a subjective concept; it is difficult to achieve consistency in the ratings which are offered by different managers. Regular trainings and peer reviews may help in promoting consistency in the ratings.

4. Forced Distribution:

In this method, the manager is forced to offer his ratings according to the pattern of a normal curve. This technique rests on the basic assumption that the employees' performance levels fall under a normal statistical distribution.

5. Forced Ranking:

In this method the employees are assigned ranking on the basis of categories. Since the concept of performance is vague so the rankings should be accompanied by meaningful performance data.

6. Quota Systems:

Quota system specifies the distribution of ratings and accordingly adjusts the ratings of managers after an event for ensuring that the quota in each level is met.

Performance assessment is a very crucial yet a very difficult process. A combination of various assessment methods can yield good results.

14.8 EVALUATING EMPLOYEE POTENTIAL

High performing employees stand out in any organization, but may be quite different from employees with a high potential. High performance employees get the job done regardless of what the job may be, such as:

- **Meeting Sales Goals**
- **Exceeding Work Quotas**
- **Defines Standards of Excellence**

High potential employees may resemble a high performer at a glance, but they can just easily be overlooked. Employees with a high potential may be as consistent as a top performer, but they will often come through for the company in the long run, while high performers flounder when the going gets tough. In a short term view, high performance is an important factor, but the long term success of your organization may depend more on developing potential than making use of the ability to work hard.

The goal of HR should be to maximize performance while encouraging employees with high potential to expand their field of knowledge and performance.

1. Continuing Assessments

One recognized problem with the process of annual employee assessments is that they do not take into account the day-to-day abilities of employees. To overcome this, it is more lucrative to perform evaluations in an ongoing manner. One way to do this is to look at weekly trends and performance factors such as job quotas, while another is to institute a continuous evaluation system which rewards performance while nurturing potential.

Using a “points” system is often the most successful method. Employees earn points for performing at or above the accepted standards, while each new level of accomplishment opens the ways for more training, increased responsibilities and a steady path towards more satisfying leadership roles.

Where annual employee reviews have a tendency towards promoting high performance until the employee reaches a point of stagnation in the organization, an ongoing review system offers each employee the ability to move onward and upward without forcing them beyond the realm of their personal zone of comfort and ability.

2. Allow More Autonomy

Highly performing employees who also have a high potential for growth tend to be more isolated. This type of employee often prefers to work alone or in a small group, focusing on one project at a time and then moving to the next. Self-starting employees of this type can be a boon to your organization if their abilities are properly matched with their potential for growth.

Giving every employee who performs well free rein is neither possible nor beneficial. The consequences of doing so could be disastrous, affecting company morale and leading to a higher rate of turnover. On the other hand, giving more freedom of operation to employees with high potential will help foster a sense of accomplishment and encourage the confidence to strive for more lofty goals. When this method is coupled with continuous employee feedback and performance evaluations, it will be easier to promote high potential employees in a manner that is consistent with their capabilities and goals.

3. Pairing High Potential with High Performers

The major dilemma where potential and performance are concerned is that employees with a high potential may not perform highly on a consistent basis when they are working outside their preferred role. To get the benefits of both types of employees, it may be more beneficial to the organization if potential and performance are paired off. This allows the high potential employee to increase their role without forcing them into a situation with the pressures and job demands they are not yet ready to face.

It is important to understand that every employee who performs well has a personal goal of taking on more responsibilities. Promoting this type of employee into, for example, a supervisory position could lead to a dissatisfied employee or— worse— disgruntled high performers who feel they have been ignored in their hard work. Pairing the two overcomes this by allowing the high performer to influence the employee with

potential while giving a high potential employee the opportunity to hone their management or problem solving skills.

To be successful, every organization has to balance potential and performance. Highly performing employees may not be interested in moving up the corporate ladder, for example, and doing so may lead to the loss of an otherwise key facet of company operations. Similarly, employees with high potential may be suitable for management, but only after honing their performance skills through training and hands-on experience. Given the opportunity, both types of employees can excel at the tasks they are presented with, but only if the differences between potential and performance are recognized and used in an effective manner.

14.9 MODERN PRACTICES IN TALENT ATTRACTION

Recruiting isn't what it used to be. And for most recruiters, that's a good thing. These days, there's less reading through stacks of formal resumes and cover letters, and more interacting with candidates on a casual and often digital basis.

Here are seven modern methods recruiters are using to bring in new talent:

1. Open-ended job postings

You may have heard that Zappos did away with job titles but did you know that digital media company Upworthy recently listed an "Open-Ended Job" with no title or specifications?

Whether this will become a trend remains to be seen, but it does remind recruiters of an important lesson: **hire people, not skills**. Whether a candidate is passionate about your company and mission is often more important than whether they can type a certain speed or have experience in a specific field. Skills can be taught; attitude can't.

2. Video interviews

Gone are the days of flying a bunch of candidates to your office for final interviews. With today's video technology, that's an unnecessary waste of time and money.

Savvy recruiters are interviewing their shortlist on Skype, Google Hangouts, or recruitment-specific video software. With these video interviews, you'll probably find a candidate or two who's clearly not a good fit. Once you weed them out, you can then invite the top few to an in-person interview with the whole team.

3. Online networking events

Though attending career fairs and networking events in person can be a valuable experience, let's be honest: they also cost a lot of time and money.

That's why many recruiters are now turning to online networking events. Humble brag: This is our speciality! It gives you access to a wide range of candidates, without spending precious hours traveling or talking to people who aren't a good fit.

4. Social media

Social media and recruiting seem to be a match made in heaven. Networks like Twitter, Face book and LinkedIn are great places to find potential employees, share job postings, and develop relationships with recruits. You can also encourage your employees to recruit people from their own networks.

Even more importantly, studies show people recruited via social media are more likely to be hired, and stay on longer than candidates found via other methods. This is one of the quickest, easiest and most effective ways to update your recruitment practices.

5. Big data

Though it may sound like something out a sci-fi movie, big data is a real tool that's making recruiters' jobs easier.

Instead of searching through the filing cabinet to find potential candidates, hiring managers are using specialized computer programs to analyze thousands of applications and resumes, filtering them by skills and qualifications — after which it's your job to pick the winners. This means better candidates and a more enjoyable job for you!

6. Other effective digital tools

In addition to specialized recruiting software, plenty of other digital tools are now helping recruiters do their job better.

Some popular tools include SurveyMonkey (for assessing candidates on specific subjects), writing tests (to make sure the candidates *really* want the job), and Google Hangouts (to highlight job openings and engage with potential candidates).

7. Unique company-specific policies

Some companies are really going out on a limb, forging entirely new recruitment paths. They're experimenting to see what works for them, and in the process, crafting their own unique hiring practices.

For example, online retail giant Zappos (which we mentioned doesn't use job titles), no longer posts job openings. Instead, they encourage wannabe employees to network with recruiters on their own private social network. Tech Company Automatic requires all potential hires to audition with the company, during which they do actual work and are paid \$25/hour. Around 40% of applicants make the final cut.

Over the past decade, technology has transformed the world of recruiting, and it shows no signs of stopping. Through it all, however, the special skill possessed by all great recruiters remains: the ability to see through all the tweets, jargon and interview questions to find someone who's truly a great fit for the company.

14.10 MODERN PRACTICES IN TALENT RECRUITMENT AND SELECTION

Finding and selecting the best people for your organisation is still the most important HR intervention. In many organizations the HR practices in recruitment and selection are still of the Stone Age. Someone has found a new job or gets an internal promotion. HR writes a job profile, full with required skills and competencies. The job is posted and candidates apply. HR waits a couple of weeks until there is a good batch. A long list is made, and five candidates are invited for interviews. After a couple of interview rounds, and maybe some assessment or tests, the final candidate is offered the job. He/she has a notice period of three months, and starts six to nine months after the vacancy appeared.

What are some of the current Practices in the area of recruitment and selection?

1. From reactive to proactive

The biggest shift that is slowly going on is the shift from reactive to proactive recruitment. It requires some level of workforce planning. With the current level of HR analytics it is relatively easy to increase the quality of workforce planning. Who are the people or the kind of people who are most likely to leave in the coming years? What are the capabilities where there is an upward trend in demand? No longer recruit for vacancies, but recruit to strengthen for the capabilities you will need in the future.

2. From recruiting for jobs to recruiting for assignments

Organizations are more creatively using the opportunities of a more flexible workforce. It helps to think less in terms of jobs and more in terms of assignments. There is an assignment to be done, and how can we quickly find the best possible people on the market who can do the assignment? Intermediaries with good knowledge of the

market of self-employed professionals can help here. Also more and more online platforms offer services in this domain.

3. From selecting on skills to selecting on values and personality

For their core organizations are looking for talent where there is a good fit between the values and the personality of the organisation and the values and the personality of the candidates. Also organizations have personalities and what you see emerging is methodologies to make the best fit between people and organizations.

4. Gamification in recruitment

The use of Gamification in recruitment has been going on for some time. Recruitment can be fun, and people want to work for organizations where work and fun are closely connected.

5. Gamification in selection

Gamification is now entering selection as well. Candidates are asked to play a game (e.g. The Wasabi Waiter) and the companies behind the games claim they can make a valuable profile of the candidate based on his or her game behavior and results. Playing a game is a lot more fun than being interviewed by people who all ask more or less the same questions (“What are your strong points?”).

6. The end of traineeships

Traineeships are slowly fading away. Planning the careers of people years ahead does not fit in a time where the speed of change is continuously increasing. Also it does not help the business to create a group of people who are pampered during a couple of years and who are kept away from real work. Organizations need streetwise entrepreneurs who have learned to operate close to clients and markets.

7. Community management as a recruitment tool

The practice to create communities around organizations, a kind of “fan clubs”, is growing. The communities are connected to organizations and through the community people can be given a real experience of what it means to be part of an organisation. When opportunities occur, candidates from the communities can very organically become part of the organisation.

14.11 TALENT ENGAGEMENT & RETENTION

Talent engagement illustrates the commitment and energy that employees bring to work and is a key indicator of their involvement and dedication to the organization. Employees who are engaged are more productive, content and more likely to be loyal to an organization. When organizations put sound HR practices in place, they are more likely to discover that employees feel satisfied, safe and will work to their full potential...and that means they are more likely to stay put.

HR Responsibility	How it relates to employee engagement
Strategic HR Planning	<ul style="list-style-type: none"> • People are the main resource that organizations have for delivering services • Strategic HR planning links HR management directly to an organization’s strategic plan and that means that staff will have meaningful roles tied to the strategic direction of the organization • Strategically planning how your organization will meet its current and future HR needs and how people will be supported and nurtured within your organization is critical for success
Operational HR Planning	<ul style="list-style-type: none"> • At an operational level, organizations put in place HR management practices to support management and staff in achieving their day-to-day goals • Whether it’s determining how many employees are needed to deliver services over the next year or how performance will be monitored, the HR management practices and activities need to be planned to answer the question: “Where is our organization going and how will it get there?” • An operational plan ensures that employees are properly supported
Compensation and Benefits	<ul style="list-style-type: none"> • Though usually not ranked the most important, compensation is an important factor in job satisfaction • An employee who feels adequately compensated monetarily is more likely to stay with your organization

Developing HR Policies	<ul style="list-style-type: none"> • Policies and procedures both communicate the values of your organization and provide everyone with a consistent process to follow • Policies and procedures provide your employees with a process to follow and that knowledge can help them confidently approach situations, particularly difficult situations
Employment Legislation and Standards	<ul style="list-style-type: none"> • Provincial/territorial and federal governments outline the minimum requirements to ensure a safe and equitable work environment for employees
Job Descriptions	<ul style="list-style-type: none"> • Job descriptions are basic HR management tools that can help to increase individual and organizational effectiveness • A well-written job description sets an employee up for success by outlining their responsibilities and the parameters of their position • Job descriptions also show how an employee’s position contributes to the mission, goals and objectives of the organization
Performance Management	<ul style="list-style-type: none"> • Performance management is an ongoing process where the manager/supervisor and employee work together to plan, monitor and review an employee’s work objectives or goals and overall contribution to the organization • Motivates employees to do their best • Establishes clear communication between the manager and the employee about what s/he is expected to accomplish • Provides on-going, constructive feedback on performance • Establishes plans for improving performance, as necessary • Identifies the skills and abilities of each employee so that work assignments build on and reflect an employee’s strengths • Identifies individual employees for more challenging work • Assists and supports staff in achieving their work and career goals by identifying training needs and development opportunities • Contributes to the succession management plan so that employee skills are developed and employers develop the skills they need to fill an potential HR gap in the future

Learning, Training and Development	<ul style="list-style-type: none"> Investing in training programs helps employees develop personally and professionally
Workplace Diversity	<ul style="list-style-type: none"> Creating an environment where people feel welcome and safe from harassment and discrimination motivates staff to perform Absenteeism and performance problems decrease while productivity, morale and employee retention increases
Work Teams and Group Dynamics	<ul style="list-style-type: none"> When you develop and support effective teams, you enhance the power and feeling of satisfaction of individuals working on the team When a team works well, it means that staff trust one another and that leads to better sharing of knowledge and understanding
Conflict Resolution	<ul style="list-style-type: none"> In a healthy workplace, there will be conflict Having a conflict resolution policy and a process will mean that conflict is constructive and not destructive
Workplace Wellness Initiatives	<ul style="list-style-type: none"> A healthy workplace means more than just warding off colds and the flu It is more holistic and takes into consideration the physical, spiritual, environmental, intellectual, emotional, occupational and mental health of employees Wellness promotion doesn't just benefit the employee — an organization filled with healthy, balanced and fulfilled employees is a productive workplace that retains its employees
Employee Recognition	<ul style="list-style-type: none"> Giving employees a sense of shared values and purpose by creating a relationship with them is important When you thank employees you value them and that, in turn, is motivating Updating staff on organizational issues through internal communications like e-mail updates and newsletters builds the sense of team and their value to the team
Staff-volunteer relations	<ul style="list-style-type: none"> Develop a sense of team with staff and volunteers contributing to the organization's mission

14.12 CASE STUDY

The leadership transition at Bangalore-based information technology and consulting company, Infosys Ltd. (Infosys). Infosys since its founding in 1981 by Narayana Murthy (Murthy) and six others, was known for leadership development and succession planning. In 2001, the company set up the Infosys Leadership Institute (ILI) to nurture and groom future leaders. Since most of the company's founders were approaching retirement, it developed a strong leadership pipeline and defined clear successors to lead the company. Ever since Murthy announced his plans to retire by August 2011, the company had been focusing on bringing in a successor to him.

In May 2011, Infosys chose banking veteran, KV Kamath (Kamath), former CEO of ICICI Bank, the largest private sector bank in India, as the non-executive chairman of Infosys. Soon after Kamath took over his position in August 2011, Kris Gopalakrishnan (Gopalakrishnan) and SD Shibulal (Shibulal) were made the executive co-chairman and CEO and managing director respectively.

Having been led by charismatic founding members as leaders for decades the company faced the challenge of smoothly transitioning to a professional leadership independent of the founders, at the same time maintaining the values the company stood for the company's strategy of bringing in an outsider met with mixed reactions. Some analysts felt that bringing in an outsider like Kamath who had proven his skills at ICICI Bank would work in favour of Infosys. Some investors, on the other hand, felt that had the company brought in outsiders for the positions of executive co-chairman and CEO and MD, the stock markets would have reacted positively. Some industry experts felt that the internal restructuring at the company had come at a time when the company was underperforming compared to its peers. Infosys, however, maintained that the company had carried out seamless transitions in the past and would continue doing so considering its depth of leadership.

Questions:

1. What was the need for bringing an external person as a leader of the prestigious organisation?
2. Analyse the leadership transition at Infosys.
3. Understand the issues and challenges while managing leadership transition at the company-discuss.

14.13 SUMMARY

Performance management is an integral component of talent management that is aimed at ensuring that organizational goals are being met effectively and efficiently through individual and collective performance. It can thus encompass an individual employee, a department, a team, or even a process to build a service or a product. Performance management is most often used in professional organizations where the results and behavior of a certain course of actions has financial implications. Otherwise we can use it anywhere we wish to or enhancing people performance like sports, education, NGO's, anywhere where there is an interaction between people.

Through performance management, organizations aim to align personal goals of employees with organizational goals and increase the overall efficiency, productivity and profitability for the larger benefit of the latter. There is no cap to the number of individuals on which it may be applied. It can be applied to one single individual or the entire department. Commitment analysis, Work analysis, Defining performance standards.

In commitment analysis a job mission statement is made for each job or process which is a job definition in terms of product, scope and purpose. Here the key objectives are outlined and performance standards are set against the same.

14.14 KEY WORDS

Performance Management

Commitment analysis

Wok analysis

Performance standards

Performance Management systems

Performance management process

Narrative assessment

Forced distribution

Meeting sales goals

Exceeding work quotas

Open ended job postings

Gamification

14.15 SELF ASSESSMENT QUESTIONS

1. Write the Meaning and definition of Performance Management.
2. Discuss the various Objectives of Performance Management.
3. Explain the Benefits of Performance Management system.
4. Explain Performance Management System and process.
5. Illustrate the Techniques used for Assessment of Performance.
6. Write a note on Evaluating Employee potential.
7. Discuss Modern practices in talent attraction, talent recruitment and selection.

14.16 REFERENCE

1. Write the Meaning and definition of Performance Management.
2. Discuss the various Objectives of Performance Management.
3. Explain the Benefits of Performance Management system.
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5. Illustrate the Techniques used for Assessment of Performance.
6. Write a note on Evaluating Employee potential.
7. Discuss Modern practices in talent attraction, talent recruitment and selection.

UNIT - 15: TALENT MANAGEMENT AND SOCIAL MEDIA

Structure:

- 15.0 Objectives
- 15.1 Introduction
- 15.2 Social Media- Meaning
- 15.3 Applications of social media in talent management
- 15.4 Trends in talent Management
- 15.5 Emerging Trends in talent Management
- 15.6 Notes
- 15.6 Summary
- 15.7 Key words
- 15.8 Self Assessment Questions
- 15.9 References

15.0 OBJECTIVES

After studying this unit, you should be able to:

- Understand the basics of talent management and social media.
- Discuss the application of social media in talent management
- Identify social media trends in talent management.
- Evaluate Emerging trends in talent management.

15.1 INTRODUCTION

The exploding growth of social media has significantly changed the way people communicate at home and at work. Social media applications include sites such as LinkedIn, Facebook, Google+, Pinterest, Tumblr, Wikipedia, YouTube, Twitter, Yelp, Flickr, Snapchat, Instagram, Second Life, WordPress and ZoomInfo. Not only has social media changed the way we communicate, but these applications present great opportunities for businesses in the areas of public relations, internal and external communications, recruiting, organizational learning and collaboration, and more.

This unit discusses frequently used business applications for social media, including recruiting, building employee engagement and communication, strategic real-time listening tools for business intelligence, and expanding learning opportunities among employees. Another vital application of social media by employers is as a knowledge-sharing platform, with employees at all levels using blogs, microblogs (similar to Twitter), expert directories and communities of practice. These tools and groups turn social media into collaborative tools to improve work product and workflow.

Also presented are the potential issues created when employees use their personal social media accounts while at the office, possibly affecting productivity, data security and network security. “Friending” and other contact among employees on social media can open the employer to possible legal issues. Even the social media use policies that employers write to help control use can pose legal issues if poorly written or administered. HR in many organizations is taking the lead in developing, communicating and enforcing social media policies and on keeping tabs on the changing legal landscape of social media.

15.2 SOCIAL MEDIA- MEANING

Social media refers to the means of interactions among people and organizations in the virtual communities and networks. These networks are used to create, share, and exchange information and ideas. Andreas Kaplan and Michael Haenlein define social media as "a group of Internet-based applications that build on the ideological and technological foundations of Web2.0". Social media depends on mobile and web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content.

15.3 APPLICATIONS OF SOCIAL MEDIA IN TALENT MANAGEMENT

The right use of technology can strengthen your talent management programs to create social and cooperative work environments. Zach Thomas, vice president of product strategy at Oracle, highlights the benefits in his article "How to Deliver the Right Employee Experience" in **Talent Management**. The article makes a good case for HR professionals who are trying to support the use of social media within their organization or for other HR specialists that need to be reminded of what can be achieved with technology.

1. Social recruiting – market job offers & culture where talent spends time

Market job offers and employer reputation in channels where prospective hires spend time. Recent facts show that **50% of Facebook users go to Facebook daily and 1/4 go to it five times a day**. More importantly, if an organization wishes to be perceived as innovative and cutting-edge, it's best to be visible in social media in a space where younger generations are active.

2. Private social networks – use alumni groups for boomerang hiring

Create a private group of VIPs, like an alumni group. It's a brilliant way to stay in touch with ex-colleagues and a perfect channel to use for boomerang hiring, which is known to be more cost efficient and profitable for organizations than recruiting someone completely new to the organization. A great example is J.P. Morgan's **Continuum** where they have 20,000 professionals and are able to constantly fill vacancies.

3. Social referrals – leads to high-quality hires

Great people know other great people. If an organization has done a brilliant job in recruiting some top performers, it's highly likely that they know other highly

skilled and competent people. Organizations should use their employees' networks and personal contacts to recruit other key players. The quality of hire is much better with an employee referral program than if HR goes out into the wild alone and misguided.

4. Social sourcing – use social media to recruit top candidates

HR can use social media for candidate profiling and to reach potential job seekers. Moreover, recruiters can filter out candidates according to industry, job level and location among other specifications. **EY (Ernst & Young)** is a good example of a professional service firm interacting, engaging and recruiting recent graduates via their Facebook pages. Another important tool, among others, is **LinkedIn Recruiter** that allows people to search the entire network for passive candidates and connect with anyone who has an interesting profile.

5. Social reputation management – joins and positively influences conversations

There are **a number of reputation management tools** on the market that enable HR people to monitor public sentiment about an organizations reputation. The main benefits of these tools are that it helps HR to take part in important dialogues and address both current and prospective employee needs. Organizations should use a social reputation management tool to monitor and build their corporate reputation online.

6. Big data benchmarking – empowers HR to create attractive job offers and predict employee behavior

HR professionals can benchmark an organization's salary levels for different roles to other companies in one or many industries. For example, an HR department wanting to provide an attractive job offer, with a competitive salary and benefits package, can use such information to help them attract, recruit and retain hard to get talent. Big data can also be used for predictive analytics to understand such factors as employee satisfaction and performance and determine how long an employee might stay or how much they expect to earn based on employment history.

7. Social performance management – use performance feedback to motivate employees

Social media can be used as a perfect forum to showcase and congratulate different employee achievements, which in turn can create a positive environment. Furthermore, managers can get a better understanding of team collaborations and what activities and teams are producing the best results. Social media can therefore be used to manage performance and foster an environment of business growth.

8. Social learning- offers a fun and interactive method of professional development

Via rating, Gamification, reviews and discussion forums of various learning programmes, employers can engage their employees in learning initiatives and can encourage personal development. It also offers a perfect forum for people to share knowledge and experiences and give the opportunity for new hires and junior staff to learn from top performers.

In conclusion, the benefits mentioned above empower HR professionals to create more **social and collaborative workplaces**, according to Thomas. Moreover, the author emphasizes the fact that they are easy to implement and can stimulate better HR processes. By using technology to improve employee experience and create a culture of cooperation, an organization's management can more easily deliver on business objectives.

15.4 TRENDS IN TALENT MANAGEMENT

In order to secure and retain top talent, organizations need to enforce effective talent management practices. Here are some of the emerging trends we have seen during the past year.

Trend #1: Building Strong Talent Pools

Despite the overwhelming amount of eligible candidates for each job, businesses are finding it increasingly difficult to find the "right" employees. Whether the issue stems from inexperience, or skill gaps, securing top performers has become a daunting challenge.

Many businesses recognize that they can only scale as fast as their internal resources allow them to, and thus, investing time and effort in building strong talent pools has become a natural practice. For many businesses, this practice has instilled a talent management mindset into their organization. This mindset offers a progressive and forward looking lens that empowers leaders to source and secure top performers from a range of channels.

Trend #2: Reviving HR Resources

Just as every business is looking to secure top performers, top performers are also looking to secure the best job at a top performing company. Today, businesses are devoting copious amounts of time to building out HR resources such as captivating career sites and enticing HR content. These resources allow companies to spotlight their unique

corporate cultures, value propositions and perks. Not only do these resources give businesses a refined presence in the job market, they also lend themselves as tools during the hiring process.

Trend #3: Investing in Existing Talent Pools

Building a strong team is far more than getting the right talent inside of your business. After securing a strong set of internal resources, businesses are investing more time and money in their employee's professional development. Investing in existing talent's careers and skills is something that both the employee and the employer can benefit from. Sending your employees to conferences, workshops and certification programs allows them to refresh their skills and maintain a strong performance.

Trend #4: Fusing Skill Gaps

Skill gaps between employees are inevitable. Depending on when an employee graduated, what certifications they have and what programs they interact with affects how they execute their function. Naturally, these performance deviations lead to gaps between individuals and teams.

Rather than letting these gaps pronounce themselves at the most inopportune time, businesses are working to fuse them early on. Encouraging employees to collaborate allows them to sharpen their skills through the sharing of knowledge and resources. Not only does this strengthen existing talent pools, it also fosters a culture of learning within the organization.

15.5 EMERGING TRENDS IN TALENT MANAGEMENT

1. To a broader definition of talent

Many organizations have very specific definitions of talent. Example:

“A high potential has a minimum of four years work experience, of which at least two in our organization, with the potential to grow to general management positions, or specific specialized positions in research and development, with at least level A2”.

The notion of more diverse talent groups is slowly entering organizations. The wishes and expectations of talent differ, and also change over time.- Some people are looking for a career in one organization;

- Some people are looking for a couple of years experience, and their plan is to move on afterwards (although they might not express this when you interview them);
- Some people are not looking forward to be employed by a big employer, but they like to be involved in challenging complex projects; Organizations that define talent too narrow might miss opportunities to connect talent to their organization.

2. More customized programs

Connected to number 1, you can see a move to more customized programs. The question is: how can you tailor what you want to offer to the talent with individual needs in the market? For some an attractive well-planned trainee program might be a very good solution. For others the opportunity to work in Asia for a couple of years. A highly talented technical student might have other needs. Less standardization, more customization will be the credo.

3. Looking for general profiles

Scientific knowledge is slowly entering the HR arena. Gut feel is no longer trusted, and organizations are looking for people who have traits that have a proven correlation to success in organizations. Intelligence is certainly one element to be looking for. Learning agility another.

4. From secret to transparent

This is often a delicate issue. Do we spoil people if we let them know they are considered high potential? Do we disengage the people who are not part of the talent pool? The overall trend seems to be to more transparency, whether organizations like it or not. It certainly helps to have a broader definition of talent (see 1). It also helps to be clearer about expectations and commitment. If you have a pool with talent for future general management positions, being part of this pool comes with obligations. Like: high performance and international mobility. Sometimes assumptions are not tested, as the conversations with the talent in the pool are too limited and not explicit enough.

5. From general to very specific skill training

We all know the high potential and general management programs, where you have to learn everything you will ever need to know or need to master in one or two weeks. International collaboration. Personal effectiveness. The strategy of the company. Intercultural differences. Managing people in turbulent times. Engaging people, and so on. The (slow) trend is in the direction to more specific skill training, as close as possible to the real work of people. In a certain way going back to old-school training. Define

very clearly what skill people have to learn to be successful, and then train, observe, feedback, train, observe, feedback and so on until the skill becomes an acquired skill.

6. The increasing importance of HR analytics

Maybe this trend should be on position number one. 2015 has been described as the breakthrough year for HR analytics and more specifically talent analytics. Current technology and the increased possibilities of big data analysis are important drivers for more objective and scientific research and fact finding in the talent arena. Intuition and gut-feel can now be tested against the facts.

7. From annual to regular maybe even real time feedback

It seems that performance management is changing. Organizations are looking for possibilities to give more regular and more objective feedback to people.

Harvard Business Review recently published a great article on how Deloitte is changing their global performance management process. Very practical and inspirational for other organizations. Elsewhere you see experiments with more frequent feedback, using tools as provided for example by Impraise.

People who are very good always want to become better. Most performance management systems today provide helpful feedback for people who are average or below average, but the feedback for top talent is often not so helpful. If you are very good you need more granular feedback than just a subjective rating on a 5-point scale.

8. Gamification everywhere

Gamification is entering the talent management world. In selection where simple games can be used to test cognitive and social capabilities. In recruitment where candidates are able to experience what life is like in an organization by participating in a simulation. In performance management by introducing leader boards, points and badges related to specific desired behavior. In training, where games and simulations are often far more effective than traditional classroom training.

9. Pay top for the best

Here I want to refer to two excellent articles. Number

- 1: ‘The myth of the bell curve’, by Josh Bersin in Fortune (February 2014). Number
- 2: ‘Making star teams out of star players’, by Mankins, Bird and Root in Harvard Business Review (January 2013). The key message: performance of people does not follow a normal distribution, but a power distribution. When you can measure performance,

the best performers can perform 2x, 5x, 10x and sometimes even more than 10X better than average performers. This has great implications for HR. Laszlo Bock, in "Work Rules", gives great examples how they deal with this inside Google. Chapter 9 in his book is called "Pay Unfairly", arguing that when people perform plus 10X better, it does not make sense to only pay them let's say 20% more than average.

10. From 1:1 succession management to broad talent pools

Especially in fast moving and fast changing organizations 1:1 succession management does not make a lot of sense. HR spends a lot of time making the lists of potential successors for key positions, but when the time comes a position needs to be filled, the organization has changed, the information is outdated and the requirements for the positions have changed as well. Instead of the lists, it makes sense to have a good view on the different talent pools, inside- and outside the organization. More importantly: to have fast processes to be able to mobilize talent quickly when you need it, even if it is not in your database.

Ten trends in talent management. Some of them are maybe more wishful thinking, I have to admit. Not all trends will be visible or applicable everywhere. Some organizations are trying to create or nurture counter trends. Like: all our talent should be inside the organization.

15.6 NOTES

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15.7 SUMMARY

The exploding growth of social media has significantly changed the way people communicate at home and at work. Social media applications include sites such as LinkedIn, Facebook, Google+, Pinterest, Tumblr, Wikipedia, YouTube, Twitter, Yelp, Flickr, Snapchat, Instagram, Second Life, WordPress and ZoomInfo. Not only has social media changed the way we communicate, but these applications present great opportunities for businesses in the areas of public relations, internal and external communications, recruiting, organizational learning and collaboration, and more.

Social media refers to the means of interactions among people and organizations in the virtual communities and networks. These networks are used to create, share, and exchange information and ideas. Andreas Kaplan and Michael Haenlein define social media as "a group of Internet-based applications that build on the ideological and technological foundations of Web2.0". Social media depends on mobile and web-based technologies to create highly interactive platforms through which individuals and communities share, co-create, discuss, and modify user-generated content.

15.8 KEY WORDS

Social Media

Social recruiting

Private social Networks

Social referrals

Social sourcing

Social reputation management

Big data benchmarking

Social Performance Management

Social learning

Gamification

15.9 SELF ASSESSMENT QUESTIONS

1. What do you mean by Social Media?
2. Discuss the Applications of social media in talent management
3. Explain the social media Trends in talent Management
4. Illustrate the Emerging Trends in talent Management

15.9 REFERENCES

1. Write the Meaning and definition of Performance Management.
2. Discuss the various Objectives of Performance Management.
3. Explain the Benefits of Performance Management system.
4. Explain Performance Management System and process.
5. Illustrate the Techniques used for Assessment of Performance.
6. Write a note on Evaluating Employee potential.
7. Discuss Modern practices in talent attraction, talent recruitment and selection.

UNIT - 16: RETAINING TALENT AND STRATEGIES

Structure :

- 16.0 Objectives
- 16.1 Introduction
- 16.2 Talent retention- Meaning
- 16.3 Talent Retention Strategies
 - 16.3.1 Recruit the Right People in the First Place
 - 16.3.2 Improve Line Management Capability
 - 16.3.3 Constant Feedback on Clear Goals
 - 16.3.4 Empower Employee Career Management
 - 16.3.5 Proactively Drive Talent Mobility
 - 16.3.6 Continuously Measure and Improve
- 16.4 Talent Acquisition
- 16.5 Building blocks of talent Management system
- 16.6 Notes
- 16.7 Summary
- 16.8 Key words
- 16.9 Self Assessment Questions
- 16.10 References

16.0 OBJECTIVES

After studying this unit, you should be able to:

- Understand the meaning of Talent retention
- Identify various talent retention strategies.
- Evaluate process of talent acquisition
- Examine the building blocks of talent management.

16.1 INTRODUCTION

The importance of top-performer retention is a topic that consistently leads in HR and business surveys alike. Notably, many organisations and experts feel that it is important, in sustaining your growth over the long term.

Talent retention is critically important for all organizations for two main reasons:

1. Turnover is expensive.
2. Top performers drive business performance.

Although estimated financial impacts from turnover fluctuate depending on industry, position, and location, estimates range from 30 percent to 250 percent of annual salary.² Turnover costs mount steeply, arising from the direct replacement costs of talent acquisition, the opportunity costs of vacant positions and time to productivity, and—more broadly—lost business performance. The impact of quality performers was crystallized in McKinsey’s seminal “War for Talent” study. It found that, in the opinion of senior managers, high performers outperform average performers by a wide margin. According to the study, high performers in operations roles are able to increase productivity by 40 percent; high performers in management roles increase profits by 49 percent and, in sales positions, high performers are responsible for 67 percent greater revenue.

Constrained economic conditions further highlight the need for organizations to keep their best people as companies strive to control costs and increase productivity. Talent management strategies address this dual agenda directly. For example, a Taleo Research⁴ global survey found 70 percent of respondents see an increased need to retain top performers by driving focus on performance management and career planning in a low-growth economy.

Because low talent retention produces a substantial drain on corporate resources, leaders need to know which practices work and what they should focus on to retain and motivate their workforce. For instance, a talent management strategy that allows employees to build a network, seek and find mentors, and help them grow and develop while feeling more connected and engaged is one means of retaining talent.

There are many approaches that have been explored as levers to increase retention, including compensation packages and rewards, benefits, telecommuting options, and work/life balance initiatives. Each may have a place in a company's portfolio of retention strategies.

Today, certain talent management practices that utilize self-service software as a service (SaaS) interfaces can be effective and extensible throughout organizations. Specifically, retention strategies can be carried out through talent management practices supported by a robust technology platform. These practices span the talent lifecycle from hiring, to managing employee performance and alignment with corporate goals, to providing career and promotion opportunities, to measuring program success.

16.2 TALENT RETENTION- MEANING

Employee retention refers to the various policies and practices which let the employees stick to an organization for a longer period of time. Every organization invests time and money to groom a new joined, make him a corporate ready material and bring him at par with the existing employees. The organization is completely at loss when the employees leave their job once they are fully trained. Employee retention takes into account the various measures taken so that an individual stays in an organization for the maximum period of time.

16.3 TALENT RETENTION STRATEGIES

This part focuses on six key strategies that organizations can implement to retain their top talent:

1. Recruit the right people in the first place.
2. Improve the line manager's ability to manage.
3. Give employee's constant feedback about clear, meaningful goals.
4. Empower employees to manage their own careers.
5. Proactively drive talent mobility.
6. Continuously measure and improve retention strategies.

16.3.1 Recruit the Right People in the First Place

Retaining top performers begins with hiring the right talent in the first place. Top performers will be strong contributors—employees who are valuable and organizations want to retain. Likewise, employees who are a good fit for the position and perform well will want to stay with the organization.

During the talent acquisition process, organizations can identify potential top performers by analyzing the needed skills, experience, and fit, and matching those to the talent profiles of external candidates.

That method of effective recruiting requires a streamlined process. Automated skills-based matching and automated workflow enable recruiters and hiring managers to focus on evaluating a short list of quality candidates. Building talent pools of suitable candidates proactively provides prospective quality hires, as well as lowering sourcing costs.

To drive quality into a selection and recruiting process, the company first defines which quality is for each position in the company. The selection process should be grounded on the foundation of a proper specification of the requirements of the job. The staffing department should work with hiring managers to set out the criteria that will bring about success at a job, including:

- Knowledge, skills, and abilities
- Attitude and motivation
- Cultural fit, both with the organization and with its customers

The more specific the criterion, the better the company is able to calibrate the selection process and measure for a quality outcome.

Once set, these criteria for the ideal candidate for a position inform all aspects of the recruiting process for the position, from the writing of the job description to the criteria employed by an online prescreening function. The criteria of selection and of performance must be aligned, to ensure that the staffing process reliably selects the qualities and characteristics that promote high-quality performance on the job.

Organizations need the right tools and technology so their managers can make higher-quality hiring decisions and effectively recruit to retain.

- ◆ They need to be clear about competencies required for success, then base their hiring decisions from the success criteria or success templates they have developed based on their top performers.

- ◆ They need to be able to articulate what top performers do and how they do it and understand not just the skills but the behaviors that top performers use to be successful.

Recruiters and hiring managers can attract talented employees if they have a sound understanding of the skills needed and strategic goals of the department and the organization. When the hiring manager can share goals information with the candidate, it helps clarify and sell the position to potential employees. It is important that the hiring manager articulate clear expectations, skills needed, and how the role contributes to the overall success of the department and the organization.

The recruiting process connects to and should be tightly integrated with the overall organizational talent management strategy. Organizations realize key benefits when they can access unified data in a single talent system of record, getting all the information an organization needs to hire right and create the best fit that increases the likelihood of the new hire to stay.

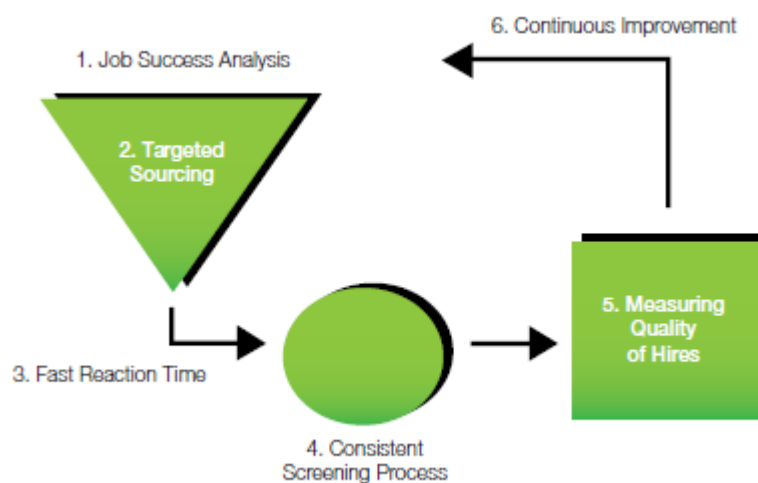


Fig 16.1: Driving quality in the selection and recruiting process involves defining specific job criteria and unifying data.

The next step—on boarding—is the bridge from the promise of talent and output anticipated from a new employee to the attainment of actual productivity. On boarding is the link from candidate to employee in the cyclical continuum of talent management; it is not merely a standalone activity.

The keys to successful on-boarding are a complete and consistent process, a technology platform with a configurable workflow, and a seamless integration with an organization's talent management system.

On-boarding solutions that are part of a talent management system enable companies to take advantage of data collected during the recruiting process and initiate the on-boarding process prior to the employee start date. Integrated on-boarding solutions provide the ability to track activities and push appropriate requests, reminders, and data, which greatly hastens the overall induction process and shortens ramp-up time.

First impressions matter and link to retention: 90 percent of employees make their decision to stay at a company within the first six months. Top performers, who are first identified through an efficient talent acquisition process and then effectively on-boarded, are positioned to quickly contribute and stay with an organization.

Retention Recipe: Recruit Right

- Ensure an accurate match between role and candidate.
- Automated skills-based matching
- Speed up the recruitment process to secure top candidates.
- Automate workflow of recruitment process
- Proactively build talent pools of suitable candidates.
- Build and mine talent pool database
- Ensure new hires are productive as soon as possible.
- Coordinate all on-boarding activities

16.3.2 Improve Line Management Capability

Once hired, the majority of the responsibility for talent retention shifts to the manager. It is the manager's role to direct, guide, and evaluate the employee. To best equip managers for their job, the correlating talent management practices should be embedded in their everyday business management practices. Hence, managers need visibility into corporate goals and their alignment with tasks and projects along with both past and expected employee performance in order to effectively manage in a dynamic business environment.

To manage people well requires easy access to good information, facts, and data; it takes more than good people skills and intuition. A single system of record that can be

used in the daily course of business provides the foundation. For example, the progress of projects that align to goals should be readily tracked along with the quality of the activities performed. To facilitate everyday talent management activities, talent tools should seamlessly integrate with ubiquitous business applications, such as Microsoft Outlook.

Accordingly, “usability for managers and employees” ranked as the #1 most important criteria for talent management solutions in a global survey. The overwhelming endorsement of usability as topmost in importance for a talent management solution—exceeding cost or even ROI—is a reaction to the perennial issue of low adoption for many existing systems. Quite simply, there won’t be any positive talent management results achieved through the use of a talent management process or strategy if the system that implements it is not adopted.

Talent management systems that have intuitive, easy-to-use interfaces draw on familiar Web 2.0 consumer-like functionality such as Amazon, Google, and eBay. These applications offer an unprecedented opportunity for acceptance and self-service among employees, line managers, and executives. Embedding optimized talent management processes throughout the talent lifecycle requires solutions that are—at their core—usable by all stakeholders.

Usability drives faster adoption and enables all other value propositions. Consumer-driven applications designed for the corporate world can drive faster adoption and require less end user training. Consequently, HR can spend less time supporting managers and employees during performance evaluations, producing reports, or conducting analysis for candidate search or workforce planning.

With the technology tools to capture and provide the visibility into talent information, managers—typically top performers themselves—will be empowered as they work. Their resulting satisfaction, along with that of their direct reports who will benefit from better management techniques, will contribute to higher employee engagement and increased retention.

Retention Recipe: Manager Excellence

- Manage people based on facts and data.
- Single system for all aspects of talent management
- Provide intuitive, useful talent management systems designed for the line manager.
- Web 2.0/consumer internet usability

- Provide relevant data to support decision-making.
- Context-based analytics
- Prompt everyday interaction with talent management tasks.
- Integrate talent tools with business tools like Microsoft Outlook.

16.3.3 Constant Feedback on Clear Goals

All members of the workforce need to work on the right goals. When talented employees understand how what they do will contribute to the success of the team, department, and organization, their interest, commitment, engagement level, and retention increases.

Goals define the results that people aim to achieve; they are the touchstones for performance planning, appraisal, and rewards. Talent management includes performance management and goals alignment; goals are inextricably linked with best-practice performance management processes.



Fig. 16.2. Goals are linked with best-practice performance management processes.

Employees want a performance review process that provides frequent and fact-based feedback. A survey of U.S. employees found that 80 percent of respondents want to change something in their performance reviews. They want fairness and performance-based rewards.

Research also indicates that employees—especially members of Generations X and Y—want feedback and they want it often: weekly, monthly, and quarterly. Another study’s findings dispute the generational disparity. In the U.S., it found equal importance and high value placed by 78 million baby boomers and 70 million members of Generation Y on recognition and access to new challenges.

Managers who do not provide frequent feedback are often surprised when they receive an unexpected resignation notice from a valued employee. Receiving feedback and feeling valued as a contributor are critical for employee engagement and retention, throughout the multigenerational workforce.

A study probing the reasons for employee disloyalty on the pathway to leaving their job found the top four reasons to be:

1. “Don’t feel my employer values me”: 61 percent
2. “Employer does not pay enough”: 53 percent
3. “My efforts are not recognized or appreciated”: 46 percent
4. “Not enough career advancement opportunities”: 42 percent

Boosting satisfaction levels with the performance management process can boost employee satisfaction and engagement—related drivers for improving talent retention.

Performance management should be a process of ongoing employee evaluation and development in which employee performance, based on facts and actions, is regularly assessed by their manager and peers in a formalized review process. The review process should provide critical feedback on the employee’s work performance and attainment of assigned objectives, as well as mastery of core competencies and skills associated with the position.

When the performance management process is well designed, it encourages managers and employees to talk regularly about goals and development plans that can encompass social and unstructured learning opportunities. At best, the review process seeks to foster bidirectional communication between employees and their managers about their performance. Meaningful discussions and clear communication are critical for employee engagement and retention.

Managers should convey what matters by explaining how the employee’s goals align with the department and organization’s goals using current data and feedback. The manager needs a clear line of sight to the alignment of goals with business objectives.



Fig 16.3 : The alignment process relates employee goals with business objectives and encourages regular communication.

Just-in-time, on-demand information and easy-to-use tools support ongoing feedback, goals alignment, and coaching and development. When organizations provide those tools to their managers, the partnership between manager and employee is strengthened and improved. Employees feel valued when they can see the link between their work and the success of the department and the organization.

“Objectives are not fate; they are direction. They are not commands; they are commitments. They do not determine the future; they are means to mobilize the resources and energies of the business for the making of the future.” —**Peter F. Drucker**

Some managers avoid important conversations with team members because they lack the data or performance and goal-setting information they need to share with employees. In a paper process, for example, valuable feedback from other colleagues often is lost in the e-mail or paper trail.

Inadequate, nonspecific, and lack of current information puts the manager at a disadvantage. Feedback on performance should be easily captured in a talent management system to ensure comprehensive and just performance reviews.

On-demand Web 2.0 performance management applications form the foundation to establish the common ground for conversations between managers and employees. It provides the structure needed to deliver data-driven conversations that are meaningful, ongoing, and current. Managers should be able to see progress against goals to discuss key milestones, roadblocks, and delays—and give specific feedback based upon employee progress to goals.

Employees want to be very clear about their work and how it contributes to the organization's goals and objectives. Data that helps managers and employees understand how what they do contributes to the overall goals of the organization drives retention by maintaining dynamic records of their efforts and improving productivity. In essence, this talent management best practice further enables top talent to be accomplished top performers.

Retention Recipe: Clear Goals, Frequent Feedback

- Clear line of sight from employee goals to unit/company goals.
- Cascading goals management
- Gather feedback from a broad, relevant audience.
- Establish networks of reviewers
- Capture feedback on a regular basis.
- Easy logging of feedback from e-mail correspondence like Microsoft Outlook
- Facilitate regular reviews of progress.
- Intuitive goals monitoring systems

16.3.4 Empower Employee Career Management

Many employees, even top performers, do not contemplate career planning until they are dissatisfied with their current job situation. That dissatisfaction can lead directly to voluntary turnover if the employee has had no access to information about ongoing career paths within the organization.

The top reason respondents in one study said they left their job was to seek new challenges or opportunities that were lacking with their previous employer. In many cases, the employee's wants and desires are a black box to the employer.

Studies of the drivers for employee engagement and retention include the importance of challenging and meaningful work with growing career opportunities. A study focused on members of Generation Y found that career-focused elements such as developing new skills, challenge, and good career prospects were their dominant attractions when joining their current organization. In another study, one factor topped the list of satisfaction drivers for respondents: "more opportunities to do what I do best."

Clearly, work must be challenging and meaningful to engage the minds and hearts of talent to produce results, deliver creativity, and foster innovation. Challenging work

is a key stay factor. Employees want opportunities and career growth within the organization.

A unified talent management solution can provide employees with a self-directed career development solution based on the same platform with performance data and information on internal opportunities. On-demand software that provides supportive tools on a Web browser empowers employees to take responsibility for their own career planning and development. Employees can create focused and dynamic career plans that engage and motivate. Easy-to-use tools can dynamically push job opportunities to employees who can pursue careers inside an organization rather than outside.

Tapping into a comprehensive talent management solution, employees can identify their competency gaps and create action steps to close those gaps. Employees may even see the career path that a colleague followed to get them to a desired position.

Organizations can use technology to determine and identify the specific skills and preferences of their talented employees—such as interest areas and willingness to travel or relocate—and then attempt to meet those preferences. They can offer an application to actively connect employees through social networking to other employees with like interests or to learn new skills.

Research found that organizations have an easier time attracting and retaining talented employees if they offer technology that candidates understand and use. A U.S. survey found that four in five workers said access to technology is important to their capacity to be creative (78 percent) and productive (80 percent) at work.

- 80 percent said that such technology gives their employer an edge in the marketplace.
- 39 percent surveyed said they would consider changing jobs if it meant having access to more up-to-date technology.¹⁸

Web-based networking is just one use of technology that is increasing in value among job seekers and employees. ¹⁹Social networking tools such as LinkedIn, Facebook, and MySpace are in frequent use by employees of all ages outside the workplace. A similarly powerful social networking application can also be the basis for an enterprise wide mentoring program.

Using social networking tools accessed through a talent management application allows employees to publish their skills and career goals, find their own internal job interests, locate others with similar interests, and find interesting career paths. When a social networking application is provided inside the organization, employees can connect,

network, and collaborate with other colleagues and—as networked members of the corporate team—will be inclined to stay with the company.

Retention Recipe: Career Planning

- Enable employees to define and analyze career preferences.
- Self-service career planning tools
- Base career paths on actual career histories.
- Analyze role change data for career paths
- Empower employees to find and engage mentors.
- Intelligent internal networking capabilities

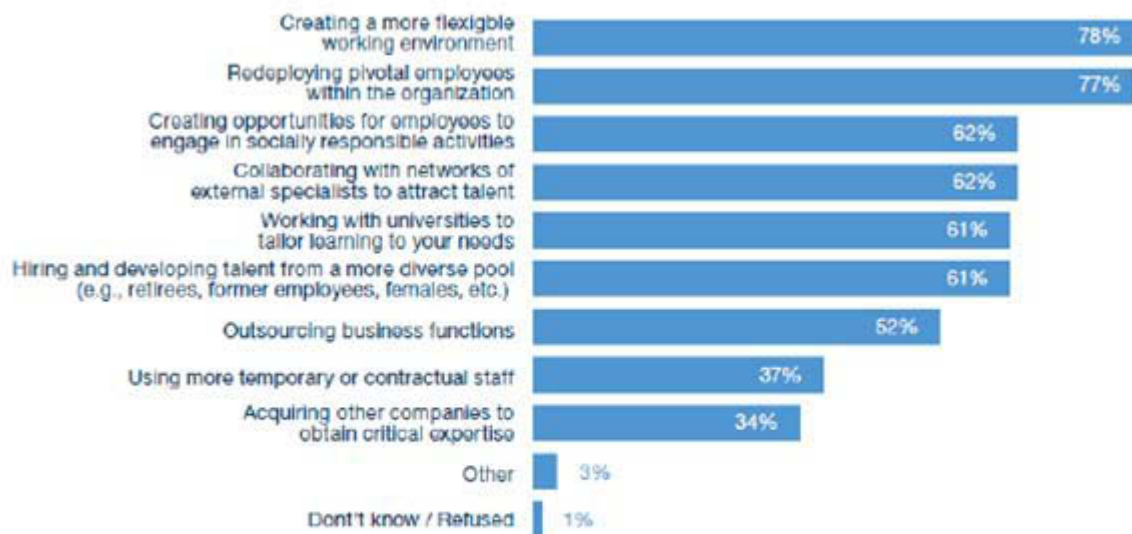
16.3.5 Proactively Drive Talent Mobility

The counterpart to empowering employees through career management tools is for the organization to embrace employee mobility through lateral redeployment as well as internal promotions. A growing number of organizations recognize and are now also focused on succession planning as a way to provide career progression and reduce employee turnover.

Companies can often fill open positions through internal redeployment, which can reduce costs and ramp-up time while increasing retention and employee satisfaction. One study determined that internal transfers and promotions average 38.8 percent of all the full-time positions a company fills.

In addition, internal hires have a dramatically lower time to productivity. Another study found a 50 percent faster time to productivity on average among eight categories of workers. The use of internal talent pools is also a means of reducing sourcing and advertising spend while it helps the bottom line with improved productivity and retention.

Internal mobility programs linked with succession planning enables an organization to build bench strength. Without an effective succession plan, the wrong employee may be promoted possibly because of a friendship rather than based on competency and skills. Other employees perceive this as unfair hiring and promotion practices; it becomes a significant de-motivator for the workforce.



Q: In order to ensure the long-term success and durability of your business, does your strategy regarding your people include any of the following measures? Base: All respondents 1,124.

Source: PricewaterhouseCoopers' 12 Annual Global CEO Survey 2009.

Notably, one study found more than half of companies (53 percent) still use a manual approach for succession planning. This makes deploying succession planning more broadly and deeply within an organization challenging and impractical to implement and scale. In addition to building extensive bench strength for the organization, succession planning and promotion opportunities create another impetus for talent to stay. A talent management technology platform can automate the talent search and match needed for succession plans.

If the organization has some level of performance management automation, past employee performance may be researched as part of the selection process. However, most systems go no further and do not consider the career aspirations and interests of the internal candidate. This is a real missing link, especially with the onset of recruiting the millennials, who seek a career experience that meshes with their soft goals such as work/life balance and intrinsic importance.

Employees expect to be rewarded based on hard work and contributions, yet if all the data on their performance was neither collected nor available to make important selection decisions based on objective criteria and standards, they may be overlooked.

What is the risk if an organization lacks a strong internal mobility program? Top talent has choices and will often disengage or leave an organization if they do not see a career path for themselves, or if other employees are promoted without the skills and competencies to do the job. Turnover is costly to an organization and has a negative

impact on productivity. Productivity ramp up and time to contribution is considerably faster for redeployed internal employees.

When the corporate internal mobility process is optimized, corporations can shift resources within the company to where they are most suited without the costs and delays of a conventional, external recruiting process. More importantly, internal mobility initiatives result in cost avoidance for corporations by increasing retention.

Retention Recipe: Talent Mobility

- Clear visibility into internal job opportunities.
- Online promotion of open roles
- Approach internal candidates with relevant opportunities.
- Matching of employees to open roles based on talent profile
- Extend succession planning to broader set of roles.
- Automated search and easy-to-use succession planning systems
- Maximize fill rate from succession plans.
- Integrate succession planning and recruiting systems

16.3.6 Continuously Measure and Improve

Automated reporting and analysis have long been fundamental practices for other core operational departments in organizations where analytic systems are considered essential tools. The financial world, for instance, would neither be credible nor able to act without business intelligence. The saying, “You can’t improve what you don’t measure,” has indeed become hackneyed because of its veracity.

Retention levels are a popular metric; 82 percent of global survey respondents reported measuring retention levels in their organization. As a standalone macro lagging indicator, it is useful to see how retention levels trend over time.

However, companies need the ability to track information from all labor pools (professional and hourly) with combined data on talent management practices including talent acquisition activities, performance and succession management, internal moves, compensation levels, alignment of the workforce to corporate goals, turnover, and more. Often, with multiple learning management, applicant tracking, performance, or human resource systems, organizations are greatly challenged to create metric rollups that make sense.

Talent systems with analytic dashboards for recruiters and managers can capture data and present actionable information for improvement. With that information access, companies can measure, analyze, and optimize their staffing and deployment strategies.

Workforce analytic solutions should provide insights into the complete talent picture while empowering people to take action. Reporting tells what happened. Analytics tells what is happening. Integrated systems mean decision-makers are no longer forced to review week-old reports—the data is available 24/7.

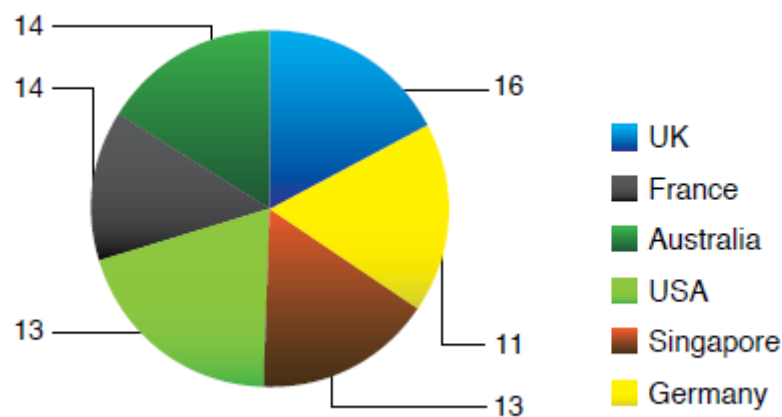


Fig. 16.4: This example of reporting measures the percentage of high performers not on succession plans.

Like other aspects of talent management—in which system usage must be a familiar business tool to foster adoption—data capture should occur easily and seamlessly. Users should be able to conduct transactions such as capturing candidate information, posting jobs to Facebook, tracking new job postings on career sites through RSS feeds, and capturing employee performance feedback through common office applications and desktop tools such as Microsoft Outlook, Microsoft Internet Explorer, and Web services without having to log onto separate systems. This functionality drives benefits from system analytics rather than the disadvantage users experience by avoiding or losing critical data.

For the talent management metrics needed by a department, business unit, or enterprise, business users should be able to configure the metrics they need quickly and easily. They should be able to define analytics and plug them into analytic dashboards without deep expertise in reporting writing or business objects. Standard metrics widgets and key performance indicators (KPIs) should be mixed and matched to create dashboard views of relevant talent management information.

Robust workforce analytic applications can continuously pull from various data sources and display it to individual users on a personalized interface or dashboard. Dashboards can focus on business performance and allow drill-down analysis of 12-month rolling trends.

The effectiveness of key retention practices may be evaluated with data and metrics such as:

- Quality of hire
- Hire by source
- Bench strength in key staffing positions
- Voluntary and involuntary turnover
- Internal mobility
- Promotional levels (leadership development)
- Retention of high performers
- Percent of employees attaining performance goals aligned to business strategy

Although top-tier information gets the attention of the viewer, dimensional analysis really does the heavy lifting. A user should be able to drill down, for example, on internal mobility by location. Drill down enables a granular inspection into the underlying data.

Talent processes are only as good as visibility into the metrics. As retention strategies are put into action, organizations must have access to the pertinent data readily available.

Retention Recipe: Metrics and Analytics

- Capture metrics across all aspects of retention strategy.
- Unified reporting and data warehouse
- Explore issues to understand underlying causes.
- Analytics and drill down on talent data
- Adapt strategies to improve retention performance.
- Flexibility to reconfigure talent management systems quickly and easily

16.4 TALENT ACQUISITION

In today's scenario, talent acquisition and management has emerged as a key strategic process in an organization. Though there is a better availability of workforce in the market than ever before, yet the challenge to acquire the right talent still persists for any organization, worldwide. This is essential to achieve the strategic objectives and ensure long term success of an organization. Thus, enhanced corporate competitiveness and globalization has transformed the regular process of human resource recruitment into talent acquisition.

Moreover, **the work of an organization these days does not end with hiring of the right talent into the organization. There is a wide spectrum of activities like career management, leadership development, talent planning, etc.** which are constantly buzzing in the HR departments of organizations. Such activities fall into the realm of talent management.

Talent management is all the more essential to keep up with the future needs of the organization. Otherwise, if the organization does not focus on talent management within itself then it will have to resort to the process of recruitment every time the need for appropriate talent arises. Hence, we can say that talent management is all about nurturing and guiding the talent in your organization in alignment to the strategic and long run goals of the organization. It is the succeeding step to talent acquisition.

An organization generally avails the services of an HR Consulting Firm to provide with a cost-effective and quick, yet high quality, talent acquisition and management process. An HR Consulting Firm efficiently and effectively contributes towards recruiting the best and the most appropriate person for the organization with the allocation of minimal resources and within a short period of time. Also, HR Consulting Firm provides the right analysis, strategies, and plans for the management of talent in an organization.

As far as talent acquisition is concerned, an HR Consulting Firm maintains a highly effective research team which keeps a detailed track of the requirements of both the organization as well as the candidate. It may be possible that an HR firm may specialize in certain industries or sectors as far as acquisition of talent is involved. This helps the HR Firm in maintaining high standards of success in meeting the talent demands in particular industries by employing in depth knowledge and research in those industries.

The Firm conducts behavioral interviews with the prospective candidate to obtain a comprehensive analysis of the leadership, team-building, decision-making and problem solving skills of the candidate. Also, the candidate is thoroughly assessed for his attitude

towards working in a team, response to change management and reaction towards the cultural climate of the prospective organization. Such analysis helps the organization in not only recruiting a candidate with right educational and professional experience, but also one with the required attitude and flexibility to be a part of the organization.

Steps for talent acquisition process in an organization:

- ◆ Comprehend the business strategy of the organization
- ◆ Assess the talent availability within the organization
- ◆ Discuss the talent requirements of the organization with the management
- ◆ Analyze the gap areas between availability and requirement
- ◆ Build strategies and plans to meet these gap areas
- ◆ Measure the success of the implemented plans

As discussed above, talent management basically works in creating a pool of talent within the organization which helps in achieving the strategic objectives of the organization in the long run. This requires the HR Firm to work on the present set of employees of the organization and polish them so as to align their talent with the strategic objectives of the organization. Talent management process also requires a Firm to:

- ◆ Analyze the talent strategy and succession planning of organization
- ◆ Develop a talent plan as required for strategic long run success of organization
- ◆ Review talent in the organization
- ◆ Plan various tools and techniques to develop talent within the organization

Firm may opt following methods for talent management process:

- ◆ Carry out performance management
- ◆ Develop career management plans
- ◆ Benchmarking talent activities
- ◆ Leadership development programs
- ◆ Team building exercises
- ◆ Action learning programs
- ◆ Interactive workshops
- ◆ Individual development guidance and coaching
- ◆ 360 degree feedback

Thus, an organization in aligning the business objectives and strategies with the talent strategy and planning of the organization.

16.5 BUILDING BLOCKS OF TALENT MANAGEMENT SYSTEM

If you reduce all the hype about talent management systems down to the bare essentials, there are only four building blocks that matter:

1. Knowing the competencies that get results
2. Managing performance well
3. Evaluating employee potential accurately
4. Recruiting the best talent

Sounds simple, but getting it right is as much an art as it is a science.

Competencies play out differently in different organizations. For example, communication skills look different in a US subsidiary of a Japanese corporation than in a US owned business.

Performance management systems also vary tremendously depending on the corporate culture—from the results driven approach of aggressive corporate cultures such as General Electric, to the more laid back approach found in Trader Joe's.

Employee potential is also evaluated differently in different organizational cultures. Some companies measure employee potential using the FTF (face that fits) method, while others prefers a more dispassionate assessment approach.

Recruiting methodologies also vary widely. At one end of the spectrum behavioral interview and pre-hire testing approaches are used, while at the other end “gut feel” hiring managers rule the day.

Getting the Talent Management cocktail mix just right can be a combination of skill and that magic touch that a great bar tender puts into special dry martinis.

16.6 CASE STUDY

The leadership transition at Bangalore-based information technology and consulting company, Infosys Ltd. (Infosys). Infosys since its founding in 1981 by Narayana Murthy (Murthy) and six others, was known for leadership development and succession planning. In 2001, the company set up the Infosys Leadership Institute (ILI) to nurture and groom future leaders. Since most of the company's founders were approaching retirement, it developed a strong leadership pipeline and defined clear successors to lead the company. Ever since Murthy announced his plans to retire by August 2011, the company had been focusing on bringing in a successor to him.

In May 2011, Infosys chose banking veteran, KV Kamath (Kamath), former CEO of ICICI Bank, the largest private sector bank in India, as the non-executive chairman of Infosys. Soon after Kamath took over his position in August 2011, Kris Gopalakrishnan (Gopalakrishnan) and SD Shibulal (Shibulal) were made the executive co-chairman and CEO and managing director respectively.

Having been led by charismatic founding members as leaders for decades the company faced the challenge of smoothly transitioning to a professional leadership independent of the founders, at the same time maintaining the values the company stood for the company's strategy of bringing in an outsider met with mixed reactions. Some analysts felt that bringing in an outsider like Kamath who had proven his skills at ICICI Bank would work in favour of Infosys. Some investors, on the other hand, felt that had the company brought in outsiders for the positions of executive co-chairman and CEO and MD, the stock markets would have reacted positively. Some industry experts felt that the internal restructuring at the company had come at a time when the company was underperforming compared to its peers. Infosys, however, maintained that the company had carried out seamless transitions in the past and would continue doing so considering its depth of leadership.

Questions:

1. What was the need for bringing an external person as a leader of the prestigious organisation?
2. Analyse the leadership transition at Infosys.
3. Understand the issues and challenges while managing leadership transition at the company-discuss.

From Fortune 100 global enterprises to small and medium businesses, leading companies invest in talent management to select and retain the best person for each job because they know that business success is powered by the total talent quality of their workforce. From recruiting to performance, talent management applications can support specific retention strategies aimed at first identifying top candidates and then nurturing and valuing top performers during their employment tenure.

In fact, companies that take an integrated approach to rewards and talent management are 33 percent less likely to have trouble retaining critical-skill employees and 18 percent less likely to have difficulty keeping top-performing employees. They are also 18 percent more likely to be financially high-performing organizations.

Organizations can provide the systems and solutions that give managers the tools and applications they need that allows them to give their employees clear objectives, meaningful work assignments and performance reviews, and aligned goals.

Employees welcome internal career development and opportunities and access to corporate social networking. They appreciate fair, fact-based processes and highly regard organizations that provide self-service technology tools for their use.

16.8 KEY WORDS

Retaining Talent

Talent retaining strategies

Job success analysis

Continuous improvement

Consistent screening process

Line management capability

Constant feedback

Employee career Management

Proactively drive talent mobility

Talent acquisition

16.9 SELF ASSESSMENT QUESTIONS

1. What do you mean by Talent retention?
2. Discuss the various strategies applied in talent retention in the information technology era.
3. Write a note on Talent Acquisition.
4. Discuss the Building blocks of talent Management system.

16.10 REFERENCES

1. Write the Meaning and definition of Performance Management.
2. Discuss the various Objectives of Performance Management.
3. Explain the Benefits of Performance Management system.
4. Explain Performance Management System and process.
5. Illustrate the Techniques used for Assessment of Performance.
6. Write a note on Evaluating Employee potential.
7. Discuss Modern practices in talent attraction, talent recruitment and selection.

MODULE - V

TALENT PLANNING

UNIT-17: SUCCESSION MANAGEMENT PROCESS-CROSS FUNCTIONAL CAPABILITIES AND FUSION OF TALENTS

Structure :

- 17.0 Objectives
- 17.1 Introduction
- 17.2 Concept
- 17.3 Importance of Succession planning
- 17.4 Responsibility of Succession Planning
- 17.5 Challenges to Effective Succession Planning
- 17.6 Succession Planning in larger organizations
- 17.7 Tips for successful Succession Planning
- 17.8 Advantages for employers and employees
- 17.9 Succession Planning A 5 Step process
- 17.10 Cross functional Management
- 17.11 Characters of Synergistic Cross Functional Team
- 17.12 Types of Team
- 17.13 Strategy to Develop Cross functional Capabilities
- 17.14 What Organisation Needs
- 17.15 What team members need
- 17.16 Talent Fusion

- 17.17 About Knowledge Management
- 17.18 About the Talent Management
- 17.19 Case Study
- 17.20 Note
- 17.21 Summary
- 17.22 Key Words
- 17.23 Self Assessment QuestionS
- 17.24 References

17.0 OBJECTIVES

After studying this unit, you will be able to;

- conceptualise the meaning and importance of succession planning
- integrate the process of succession management with other cross functional parameters
- highlight the importance of succession planning and talent management
- discuss the role of HR in succession planning

17.1 INTRODUCTION

Succession is a natural and continuous process in a living organisation. Succession planning allows an organisation to prepare for the absence departure, death, retirement or termination of an individual. It provides for continuity of culture, legacy and the evolution of necessary skills. Succession planning is all about who will replace whom in near future. The employee who has given his best to the organization and has been serving it for a very long time definitely deserves to hold the top position. Management needs to plan about when and how succession will take place.

17.2 CONCEPT

A succession plan, simply put, is a component of good HR planning and management. Succession planning acknowledges that staff will not be with an organization indefinitely and it provides a plan and process for addressing the changes that will occur when they leave. Most succession planning focuses on the most senior manager - the executive director, however, all key positions should be included in the plan. Key positions can be defined as those positions that are crucial for the operations of the organization and, because of skill, seniority and/or experience, will be hard to replace.

Whenever size and resources permit, a succession plan should involve nurturing and developing employees from within an organization. Employees who are perceived to have the skills, knowledge, qualities, experience and the desire can be groomed to move up to fill specific, key positions. Organizations should:

1. Assess their current and future needs based on either their strategic plan, goals and objectives, or priority programs and projects
2. Match these to the capabilities of the existing workforce

3. Develop a plan to manage the gaps that will arise when individuals in key positions leave or are promoted
4. The plan will generally include a combination of training and developing existing staff, and external recruitment.

17.3 IMPORTANCE OF SUCCESSION PLANNING

The absence of a succession plan can undermine an organization's effectiveness and its sustainability. Without a succession planning process, an organization may not have a means of ensuring that the programs and services that are crucial to its operation are sustained beyond the tenure of the individual currently responsible for them.

The benefits of good succession planning include:

- ◆ A means of ensuring the organization is prepared with a plan to support service continuity when the executive director, senior managers or key people leave
- ◆ A continuing supply of qualified, motivated people (or a process to identify them), who are prepared to take over when current senior staff and other key employees leave the organization
- ◆ An alignment between the organization's vision and the human resources that demonstrates an understanding of the need to have appropriate staffing to achieve strategic plans
- ◆ A commitment to develop career paths for employees which will facilitate the organization's ability to recruit and retain top-performing employees and volunteers
- ◆ An external reputation as an employer that invests in its people and provides opportunities and support for advancement
- ◆ A message to the employees that they are valuable.

17.4 RESPONSIBILITY OF SUCCESSION PLANNING

Both the board and the executive director have pivotal roles to play in succession planning.

The board is responsible for succession planning for the executive director position. The board hires the executive director to ensure it has a skilled manager at the helm to implement the organization's mission and vision. It is therefore very important for boards to spend some time reflecting on what they would do if, or when, the executive director leaves.

All too often, boards find that they are unprepared for such an occurrence and are left scrambling to quickly replace that person. There are many examples of an executive director leaving only to have the organization fall into disarray: funders withdraw resources, and other key staff members leave due to lack of effective leadership. Even when provided with adequate notice, boards sometimes find themselves in the position of having to scramble to find an interim solution.

The executive director is responsible for ensuring a succession plan is in place for other key positions in the organization. These will likely be developed with help from the management team with input from implicated employees.

17.5 CHALLENGES TO EFFECTIVE SUCCESSION PLANNING

Some challenges to succession planning are:

- 1. Size of the organization:** Some non-profits have so few positions that they may not have the ability to offer opportunities for advancement; employees with the potential and the desire to advance their careers may move to larger organizations as a result
- 2. Lack of financial resources:** Employees may leave for better salaries and benefits offered in other workplaces
- 3. The nature of funding:** As more and more organizations depend on project funding as opposed to core funding, there are fewer core staff members available to take up positions in the organizations
- 4.** Project staff come and go and may not be seen to be part of the talent pool available to organizations
- 5.** In some cases, senior leaders are staying on in their positions, despite the fact that the skills needed for the job may have changed or they are no longer making a meaningful and productive contribution to the organization
- 6.** Indiscriminate inclusion of employees in the succession plan including those who are disinterested, unmotivated or lack capacity to advance
- 7.** Inadequate training and development resulting in an employee who is not prepared for a promotion
- 8.** A plan that does not promote people in a timely fashion, leading potential successors to leave the organization to seek new opportunities

9. Poor communication resulting in confusion and turmoil within the organization as staff speculate about what the succession plan really is
10. Potential candidates for promotion cannot be guaranteed that they will be promoted; a lot depends on timing and need of the organization.

17.6 SUCCESSION PLANNING IN LARGER ORGANIZATIONS

The steps outlined below provide a roadmap for larger organizations interested in developing succession plans. Different organizations will implement these activities differently. While there is no right or wrong way to develop a succession plan, the following provides important components that need to be considered.

Capacity and needs assessment

Step 1

Identify key positions for the organization. These include the executive director, senior management and other staff members, who would, for their specialized skills or level of experience, are hard to replace. Ask yourself which positions would need to be filled almost immediately to ensure the organization continues to function effectively.

Step 2

Review and list the current and emerging needs. This will involve examining the strategic and operational plans to clearly articulate priorities.

Step 3

Prepare a chart that identifies the key positions and individuals in the organization. The positions might include those listed in step 1 and/or others that are pertinent to the organization, such as volunteers.

Step 4

Identify and list the gaps by asking questions such as:

- ◆ Which individuals are stated to or likely to leave (through retirement, project completion, etc.) and when?
- ◆ Which new positions will be required to support the strategic plan?
- ◆ Which positions have become or will become obsolete (for example, those related to a program that has been terminated)?

- ◆ What skills and knowledge will need to be developed (for example, to support a new program)?

Step 5

Evaluate/assess all staff members with the goal of identifying those who have the skills and knowledge or the potential along with the desire to be promoted to existing and new positions.

- ◆ The evaluation can be formal or informal and can include, but is not limited to, performance reviews, 360 degree assessments and informal conversations with the individuals under consideration.
- ◆ The executive director may be aware that an employee has aspirations to and the capacity to move up. This may be an opportunity to recognize this goal and support it.
- ◆ Take this opportunity to give younger workers a chance. Many young people enthusiastically enter the sector and then, finding few opportunities for advancement, leave. Younger workers can remain engaged if you help to match their interests to opportunities provided through effective succession planning.

17.7 TIPS FOR SUCCESSFUL SUCCESSION PLANNING

1. Secure senior management and board support for a succession planning process. This gives employees and staff an understanding of how important succession planning is to the organization.
2. Review and update the succession plan regularly. This ensures to reassess the hiring needs and determine where the employees identified in the succession plan are in their development.
3. Develop procedure manuals for essential tasks carried out by key positions. Include step-by-step guidelines.
4. Adequate time should be provided to prepare successors. The earlier they are identified, the easier it is on the individual to be advanced and on other employees within the organization who will know whether certain options are available to them.
5. Understand that the succession plan will be a unique reflection of the organization. Succession plans are as different from each other as the organizations for which they are developed.

17.8 ADVANTAGES FOR EMPLOYERS AND EMPLOYEES

Effective succession planning brings advantages for both employers as well as employees. Advantages for employees include the below mentioned points.

- ◆ Employees who know that a next role awaits them receive a boost to self-esteem and self-respect. This enhances their efficacy and value as an employee.
- ◆ Knowing the organization's plans for the next potential opportunity - and that there is one - reinforces the desire for career development and career opportunities. This development is one of the areas that employees want most from their employer.
- ◆ Employees are able to identify the skills, experience, and development opportunities necessary to help the employee become prepared for progression when the next job opportunity turns up.
- ◆ The ability to work with their manager or supervisor to make sure that the employee has a career plan that moves him or her in the direction of their next opportunity. This person is key in an employee's ability to get the experience and education needed for career progression.
- ◆ The employee's value is shared with the rest of the organization so that if an opportunity comes up, the managers can consider the employee to fill the role. In an informal system, manager's organization-wide may not know the value of the employee and his or her skills.
- ◆ You rely on staff to carry out the mission and the vision and to accomplish the goals of the organization. The loss of a key employee can undermine the ability to accomplish these important objectives.
- ◆ You need prepared employees to step into roles as the company grows and expands its offerings and services. Or, your lack of developed employees will retard the growth plans.
- ◆ The need to have replacement employees ready if you decide to promote employees or redesign your organization enables you to make necessary changes without being hampered by a lack of replacements.
- ◆ Knowledge about key, skilled, contributing employees is shared with manager's organization-wide. This information allows managers to consider the widest number of candidates for any open job.

- ◆ The Baby Boomer generation is in the process of retiring. They are taking with them 30-40+ years of knowledge, experience, working relationships, and information. You want to capture that knowledge before it walks out your door.

Effective, proactive succession planning leaves the organization well prepared for all contingencies. Successful succession planning builds bench strength.

17.9 SUCCESSION PLANNING - A 5 STEP PROCESS

Step 1: Identify critical positions

Critical positions are the focus of succession planning efforts. Without these roles, the department or agency would be unable to effectively meet its business objectives. Workforce projection data or demographic analysis is essential in identifying risk areas. A risk assessment may also be conducted and compared to current and future vacancies to identify critical positions within the organization.

Step 2: Identify competencies

A clear understanding of capabilities needed for successful performance in key areas and critical positions is essential for guiding learning and development plans, setting clear performance expectations, and for assessing performance. By completing the process of competency or position profiling within the organization, current and future employees gain an understanding of the key responsibilities of the position including the qualifications and behavioural and technical competencies required to perform them successfully.

Step 3: Identify succession management strategies

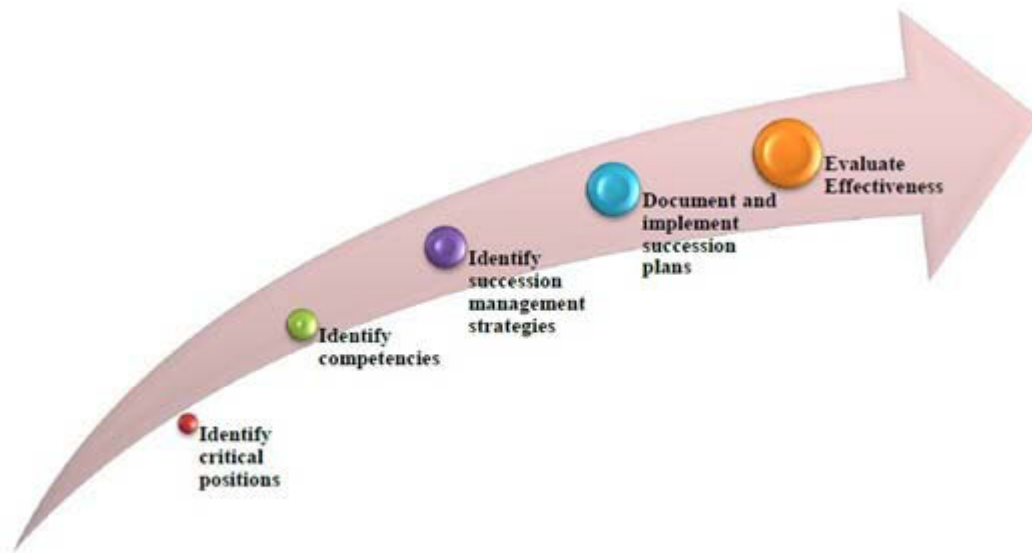
Now that critical positions have been identified and have been profiled for competencies, the next step is to choose from a menu of several human resource strategies, including developing internal talent pools, on-boarding and recruitment to address succession planning.

Step 4: Document and implement succession plans

Once strategies have been identified, the next step is to document the strategies in an action plan. The Succession Planning: Action Plan provides a mechanism for clearly defining timelines and roles and responsibilities.

Step 5: Evaluate Effectiveness

To ensure that the department or agency's succession planning efforts are successful, it is important to systematically monitor workforce data, evaluate activities and make necessary adjustments.



Pictorial representation of succession planning.

Fig.17.11:01

17.10 CROSS FUNCTIONAL MANAGEMENT

Most of the recent organisations have realised that teamwork produces better results than the performance of individual work as such most of the organisations in the 21st century have shifted to team work and team analysis rather than job analysis.

It is an approach to work in which team members come from different areas of an organisations and have different skill sets. A cross functional team is a group of people with different functional expertise working towards a common goal, it may include people from finance, marketing, operations and human resource development. It includes employees from all levels of an organisation the cross functional teams provide a strong stability, increase creativity and improve problem solving ability.

“A cross functional team is a group of people with different functional requirement featuring increased interactivity more flexibility and the capability of dealing the things effectively.” Cross functional team design is a great approach to drive oppositional performance and achieve business results speedily.

Organisations have started designing their structures based on team structures, in additions to designing the team work for effective organisational performance. Team

structures increase collaboration in the work environment in order to improve the work processes and organisational decision making.”As cross functional team is formed with rich blend of mix of specialists – the design results in synergy.

“As two brains are better than one” Team work enhance employee commitment to organisational goals, acceptance of it in the cross functional team –each specialist will bring his expertise and experiences in enhancing the process, product or service development.Cross functional teams will generally result in synergy, the interactions and outcomes of team members are greater than the sum of their individual efforts synergy should be natural within the team environment.

17.11 CHARACTERS OF SYNERGISTIC CROSS FUNCTIONAL TEAM

- ◆ Diverse Roles and Background: Team member’s roles should be diversified, in the sense each member should have characteristics that fit different roles like communicator, collaborator, contributor and challenger. The background of team member should also be diversified.
- ◆ Support – The team exhibits an atmosphere of inclusion. All team members speak up and feel free to offer constructive comments.
- ◆ Listen and Clarify – Member should honestly listen to others and seek clarification and discuss points
- ◆ Disagree – Disagreement is seen as natural and is expected member’s comments are non-judgemental and focus a factual issue rather than personality conflicts.
- ◆ Consensus –Team member reach agreements through consensus decision making common ground among ideas is sought
- ◆ Acceptance- Team members are valued as individuals, recognising that each person bring a valuable mix of skill and abilities to team operations.
- ◆ Quality – Each team member in committed to excellent performance emphasis laid on continuous improvement and attention to detail.

17.12 TYPES OF TEAM

Teams operate in a variety of structures with different strategic purpose or functional activities. The different types of teams are:

- a) Cross functional teams
- b) Project teams
- c) Self-directed teams
- d) Task force teams
- e) Process-improvement teams
- f) Virtual teams

Cross functional teams are formed with a mix of specialist in production / operations, marketing, finance, human resource and information systems.

17.13 STRATEGY TO DEVELOP CROSS FUNCTIONAL CAPABILITIES

- ◆ Identify distinctive capabilities of every individual employee
- ◆ Harness, nurture and develop the talent (scale,tup)
- ◆ Building distinctive capabilities must be at the top of the CEO Agenda
- ◆ Functions in an organisations need to be clearly identified and synergy established
- ◆ Build – practices, processes, technologies and skills together for collective growth
- ◆ Try to build collaborative work culture rather than sequential work culture
- ◆ Develop individual accountability and collective responsibility
- ◆ Create informal teams outside the functional structure

Building a cross functional capability is harder, it requires upgrading leadership and team member skills. It also demands that organisational culture becomes more interactive and less bureaucratic. There is some time larger risk involved by relying too much a cross functional teams where in the organisation will end up in creating generalists rather specialists. But this is more needed in building cross functional teams in projects where there are more complex and complicated problem. Then the evidence is formation of cross functional teams which provide solutions speedily because of pool of talent and integration of knowledge. Cross functional team will also help in developing new products new applications and comprehensive solutions to the problems of customers.

17.14 WHAT ORGANISATION NEEDS

The process of forming, managing cross functional team is need based the forming of cross functional team must be an organisational capability enhancing event rather than an routine procedure. The needs are to be properly established.

- ◆ What is the team's mandate?
- ◆ Which functions are required
- ◆ When they should be grouped in the team
- ◆ What are the guidelines for forming the team?
- ◆ Identifying Right person for right job
- ◆ How long the functioning of team is needed?

Without processes and guidelines teams develop an additional burden and costs mushroom cross functional teams, may be project based-temporally or forming permanent team depending on the need of the organisations.

17.15 WHAT TEAM MEMBERS NEED

Finally, cross functional capability depends on team members they should have following:

- 1) Understanding of the vision, what the organisations is trying to accomplish over the next 3 to 5 years
- 2) This understanding directs the team members to prioritise and focus their task and energy
- 3) Team members need to be fully conversant with their respective disciplines and communicate clearly the ideas, innovations, and market developments
- 4) Respect for what each function can contribute for the solutions
- 5) Clear mandates to make decisions: Unless team members are empowered by their functional knowledge boss to represent the groups positions on issues, time will be wasted in seeking approval, respect for each other will erode and the team will eventually will become weak.
- 6) The team should be trained to practice skills like communications, listening, sympathy, decision making and conflict resolution

Finally, Team effectiveness depends on individual character as well as skills, leadership and organizational capability. When team members think on organizational interest is bigger

than the individual interest they succeed and leaders have a minimal role. When there is conflict between team member's leaders must facilitate through opening dialogue and resolve. To create good teams people with the right character should be hired and promote to achieve the Vision of the organization there are no shortcuts but make good investment, on human resources by forming effective capable cross functional teams.

Cross Functional Capability

Organization should have	Leadership needs	Team Members should have
Competent and lean functional groups	<ul style="list-style-type: none"> • Strategic leadership • Describing Vision 	<ul style="list-style-type: none"> • Understanding of the Vision, what the organizations is trying to accomplish as the next 3 to 5 Year's
Process for forming, assessing and dissolving teams	<ul style="list-style-type: none"> • Identifying opportunities and value proposals. • Determining the skills needed 	
Measurement of performance with supportive incentives	<ul style="list-style-type: none"> • Operational leadership • Finding the skills needed • Pushing & follow up 	<ul style="list-style-type: none"> • Good in own discipline • Respect for each other • Respect for what each function contributes
Learning Culture- Interactivity openness & Conflict resolving mechanism	<ul style="list-style-type: none"> • Functional knowledge leadership • Recruiting talent • Developing people 	<ul style="list-style-type: none"> • Clear mandates empowered to act • Team skills
Interactive Strategic hierarchy	<ul style="list-style-type: none"> • Keeping up with innovations 	<ul style="list-style-type: none"> • Character Values helping other to succeed.

17.16 TALENT FUSION

Talent fusion has consistently proven itself over the last decade to be a very important frame work in the development of an organisation. Talent fusion is the integration of talent and knowledge the integration of both these components will enhance the organisation efficiency.

17.17 ABOUT KNOWLEDGE MANAGEMENT

Knowledge is now regarded as the most strategically significant organisational asset with companies emphasizing capabilities and intangible resources a competitive tool. Most of the knowledge that serves as the source of advantage is tacit in nature which is difficult to formalise and it is highly personal in nature and it is embedded with individual's actions and experiences. Organisations need to adopt a more strategic approach and is linked to tacit knowledge, the retentions of employees who possess this knowledge and the ability to continuously harvest their knowledge and expertise is a challenge.

The field of knowledge management and talent management is emerging rapidly. The fusion of Team Management and Knowledge Management will benefit the organisations effectively. Various research findings have provided that the practices of Knowledge Management have contributed to the development of Talent Management.

17.18 ABOUT THE TALENT MANAGEMENT

Mckinsy coined the phrase “The war of talent” – Talent Management has become an important management activity. Talent Management is concerned with developing strategy identifying talent groups succession planning and recruiting, selecting, educating motivating and retaining talented employees through variety of initiatives.

Employees knowledge, skills and competencies need to be maximised and recognised as a distinctive source of competitive advantage. Talent management is cantered with identifying the key positions which have the potential to differently impact the firms competitive advantage.

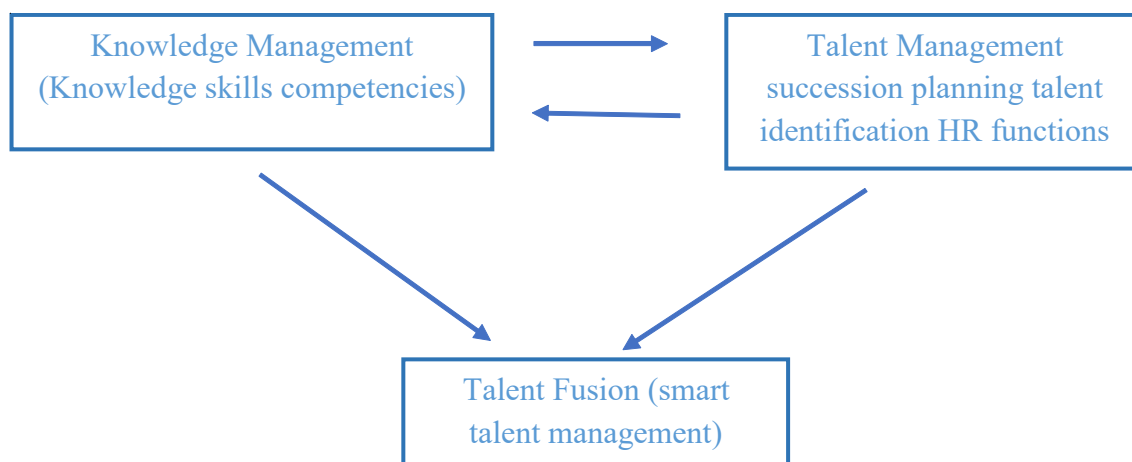


Table 17.20:01

Effective knowledge Management depends on the effective management of the organisational talent who possess key knowledge in terms of talent, recruitment, training, performance management, succession planning, and knowledge sharing.

Frame work of talent fusion

There is a strong relationship between Knowledge Management and Talent Management. The fusion will be effective and efficient if the integration is done properly considering the challenges & limitations

Cultivate

- 1) **Knowledge creation** – The organisation needs to support and provide a context for key knowledge workers to create new knowledge
- 2) **Cultivate knowledge activities** – Create new job positions and assign responsibility for knowledge activism to an individual. He or she may not be the knowledge creators themselves, but their skill is in creating the right enabling context for others to unleash their creative potential
- 3) **Knowledge sharing and positioning** – Knowledge sharing through social networking. Talent positioning –is having the right talent at the right place at the right time with the needed competencies and motivations at all levels and locations of the firm. In today's era of open innovations knowledge sharing can be done effectively by networking internally and externally
- 4) **Organisations Network Analysis (ONA)** – This is an established social science approach of studying human relations and social structures by disclosing the affinities, attractions and repulsion between people and objects. It helps the inter personal relationship and health of the group
- 5) **Mobility opportunities** – Internal mobility opportunities and the horizontal employee movements to other organisational units can reduce barriers and encourage co-operation and knowledge sharing
- 6) **Networking Mentoring** – High potential knowledge workers are identified. A mentor is assigned to them to connect with other knowledge holders over a time this will enable the high potential to extend their network and tap into expertise to others
- 7) **Competency based training** – Training solutions should be responsive to dynamic competitive conditions and aligned with competency requirements. High quality training programmes help asses' employee skills identify required competencies, develop skills knowledge and attitudes and improve performance.

- 8) **Succession planning**-This involves preparing for the organisations next senior team, developing a talent pool for internal recruitment by cross skilling employees and / or ensuring the organisations further needs. Succession planning focuses as how the organisation plans to replace key knowledge holders and how to ensure that high potential success as have been prepared to fill the key roles
- 9) **Knowledge retention** – Knowledge loss resulting from employee turnover – whether through competition head hunting, retirement exposes the organisations to considerable risk. Strategies for preventing knowledge loss have become critical organisational concern.
- 10) **Reward and Recognitions Programme** – Planning effective monetary and non-monetary programme will eventually motivate talented workerstowards several rewards and recognitionmodels need to be adopted both traditional and contemporary.

This framework is developed based on the general understanding of knowledge practitioners. This framework cannot be generalised, but however it differs from organisations to organisations

17.19 CASE STUDY

Axis Bank Ltd. (Axis Bank), India's third largest private sector bank. The growth of Axis Bank under Pangal Jayendra Nayak (Nayak) the CMD of the bank from January 1, 2000 to April 20, 2009. Analysts credited him with taking the bank to a new level during his tenure. However, Nayak also attracted criticism for his failure to identify and groom an able successor to lead the bank after the end of his tenure. In early 2009, the board of the Axis Bank initiated the succession planning process and hired a global HR firm, Egon Zehnder International to identify the new CEO. After many months of scouting and intense media speculation about Nayak's successor, the Axis Bank board zeroed in upon Shikha Sharma (Sharma), the then CEO and chairman of ICICI Prudential Life Insurance Company Ltd., as the new CEO and MD of Axis Bank.

The decision was opposed by Nayak as he reportedly wanted an insider to succeed him. According to Nayak, Sharma did not have the relevant banking experience to take up the position and in any case he felt that people who had been involved in building up the bank should be asked to lead it. The board, however, contended that the insiders who were front runners for the position were experts in their fields but lacked an overall vertical experience.

They also criticized Nayak for not grooming his successor. With the board deciding to go ahead with the appointment of Sharma, Nayak quit the bank well before his tenure was to end July 31, 2009. As Sharma joined in her new role as the CEO and MD of Axis bank in

17.21 SUMMARY

Succession planning is a systematic approach to build a leadership pipeline/ talent pool to ensure leadership continuity. It is essential to develop potential succession that best fits their strengths. Succession planning recognises that some jobs are the life blood of the organisations and are too critical to be left vacant or filled by any but the best qualified persons. Succession planning is critical to success when effectively done and creates an effective process for recognising, developing and rewarding top leadership talent. Team work results in synergy and produces greater efficiency for organisational success. Organisations today mostly rely on teamwork and team management to achieve goals. Cross functional team is prevalent more in functional organisations. Team training will enhance process skills and behavioural skills. Effective knowledge Management depends on the effective management of the organisational talent who possess key knowledge in terms of talent recruitment, training, performance management, succession Planning and knowledge sharing. Talent fusion is an integration of knowledge management and talent management.

17.22 KEYWORDS

Succession planning, Challenges in succession planning, steps in succession planning, teamwork, cross functional teams, team design, talent fusion, knowledge management talent management.

17.23 SELF-ASSESSMENT QUESTIONS

- 1) State the importance of succession planning?
- 2) What is the role of HR in succession planning?
- 3) Discuss the advantage & disadvantages of placing internal & external successors?
- 4) Discuss the step by step process of succession planning?
- 5) Discuss the statement Team Work results in synergy and produces greater efficiency?
- 6) What are the advantages of talent Fusion – Discuss?

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UNIT-18: TALENT DEVELOPMENT BUDGET-VALUE DRIVEN COST STRUCTURE

Structure :

- 18.0 Objectives
- 18.1 Introduction
- 18.2 Current Trends in Talent Management
- 18.3 How to build an integrated Talent Management Strategy
- 18.4 Financial Benefits of Talent Management
- 18.5 Talent Management Consulting / Outsourcing
- 18.6 Positive and Negatives Aspects of Talent Management Consulting
- 18.7 Employee Value Proposition : meaning and its importance
- 18.8 The Biggest Challenges and EVP
- 18.9 Why Employee Value proposition? And mention the Importance of EVP
- 18.10 Return on Talent (ROT)n and optimizing Investment in Talent
- 18.11 Investment in Talent
- 18.12 Learning and Development of Talent
- 18.13 Identification of Learning and Development needs : An Example
- 18.14 Case Study
- 18.15 Notes
- 18.16 Summary
- 18.17 Key Words
- 18.18 Self Assessment Questions
- 18.19 References

18.0 OBJECTIVES

After studying this unit, you will be able to;

- explain the significance of Talent development investment.
- highlight the employee value proposition.
- explain the Return on Talent Employed.

18.1 INTRODUCTION

There is no dearth of professionals but there is an acute shortage of talented professionals globally. Every year B-schools globally churn out management professionals in huge numbers but how many of are actually employable remains questionable! The downturn also opened the eyes of organizations to newer models of employment - part time or temporary workers. This is a new challenge to talent management, training and developing people who work on a contractual or project basis. What's more big a challenge is increasing the stake of these people in their work.

This is true for other professions also. It faces the following opportunities and challenges:

- ◆ Recruiting talent
- ◆ Training and Developing talent
- ◆ Retaining talent
- ◆ Developing Leadership talent
- ◆ Creating talented ethical culture

18.2 CURRENT TRENDS IN TALENT MANAGEMENT

The guidelines for talent management would be the following:

- ◆ Developing employees.
- ◆ Redeploying employees.
- ◆ Retaining the best talent.

The prime focus of talent management is enabling and developing people, since the quality of an organization is determined by the people it employs and has onboard. After hiring and deploying we may say that retaining and nurturing talent is quintessential (ideal). Let's analyse some trends in the same.

Talent War: Finding and retaining the best talent is the most difficult aspect of HR management. HR survey consultancies are one in their view that organizations globally are facing a dearth of talented employees and it's often more difficult to retain them. Further research has also shown that there is clear link between talent issues and overall productivity.

Technology and Talent Management: Technology is increasingly getting introduced into people development. Online employee portals have become common place in organizations to offer easy access to employees to various benefits and schemes

Promoting Talent Internally: An individual is hired, when there is a fit between his abilities or skills and the requirements of the organization. The next step is enabling learning and development of the same so that he/she stays with the organization. This is employee retention. An enabled or empowered means an empowered organization.

Population Worries Globally: World populations are either young or aging. For example, stats have it that by 2050 60% of Europe's working population will be over 60! On the other hand, a country like India can boast of a young population in the coming and present times. Population demographics are thus a disturbing factor for people managers.

Talent Management to rescue HR: HR has been compelled to focus on qualitative aspects equally and even more than quantitative aspects like the head count etc. Through talent management more effort is now being laid on designing and maintaining employee scorecards and employee surveys for ensuring that talent is nurtured and grown perpetually.

Increase in Employer of Choice Initiatives: An organization's perceived value as an employer as helps improve its brand value in the eyes of its consumer. Most importantly it helps it attract the right talent.

18.3 HOW TO BUILD AN INTEGRATED TALENT MANAGEMENT STRATEGY

The human resource professionals are the cornerstone of any organization. They not only solve business problems today but also participate in strategic aspects of the organization; talent management is one of them.

Formulation of a talent management strategy is the responsibility of the HR function. This is often done in consultation with the business function. Be it talent mapping and planning or performance, recruitment and retention the human resource professionals of the day are seeking out ways to streamline and integrate their functions with the broader business functions.

In Aditya Birla group, for example there is huge dearth of leadership positions at the top. The company is expanding globally and at a rate faster than it can grow its human capital. This has led to talent deficit and this is common in many organizations. The problem requires a comprehensive set of solutions.

Again in the same organization as mentioned above, people are empowered very early in their careers to give them more responsibilities and build more competencies in employees. This enables to develop high potential personnel. The organization runs an internal programme Adventure where they promote entrepreneurship. You have an idea; you come forward, share and develop a comprehensive business plan. The best plan receives a support from the organization!

Needless to mention now, organizations require an integrated approach to talent management. There is a need to strategize in HR functions to enable and support the business functions. Some strategies in this direction could be:

Aligning Business strategies with the HR strategies:Business HR is one function that is developing fast as part of the human resource department. The person is responsible for ensuring a smooth relationship between business and HR functions. They work with business heads to develop people strategies to support both short term and long term business objectives.

Performance Planning and Evaluation:An integrated HR approach means that are uniform and standard procedures for employee performance evaluation and compensation, up and down the organization. Performance is linked to growth and the process adds value for employees to evaluate their work on their own. Indian digital disk giant Moser Baer employs such process.

Strategic Manpower Planning:HR and Business function are interrelated. None can exist without the other. HR functions need to work in collaboration to assess current and future manpower requirements are plan for the same. They need to strategize on the approximate manpower requirements, the relevant skills and educational qualification, compensation and the like. This has to happen well in advance. Recruitment itself means a host of other activities like training and development, compensation, induction and orientation etc.

Mapping your Talent:An ever increasing emphasis is being laid on identifying the top performing and talented employees to think of ways to develop, nurture and retain them. Further organizations also like to keep skill inventories for contingencies. As organizations realize the skills and abilities of individuals, they can then be more focused on devising means and strategies to attract, develop and retain these people.

18.4 FINANCIAL BENEFITS OF TALENT MANAGEMENT

Less attrition means lesser expenditure on hiring: BPO's and start-ups, for example where the attrition rate is the highest remain occupied in searching for people every now and then. Now this incurs financial losses to the organization. An organization not only pays an employee for his/her work but also spends a considerable amount on their training and development. There is transfer of skill and expertise and when the same employee leaves after a brief stint with the organization, it costs the latter.

The problem gets even worse when such a scenario occurs at the top level. An unoccupied executive position can cost an organization dearly. The solution - a proper talent management in place can solve this problem. The following facts become worth consideration here:

New employees cost the company 30-60 % more than the existing employee in terms of compensation only.

There is an additional cost incurred on training and developing the new individual.

The process of recruitments itself costs an organization in a big way, right from advertising a post, to attracting talent and finally short listing and hiring someone for the job. Often there is a compromise in hiring when the need is urgent.

Organizations clearly need to look inside for solutions and design and develop better employee retention, rewards and recognition strategy. Performance management needs to be taken care of.

18.5 TALENT MANAGEMENT CONSULTING/OUTSOURCING

Talent management, beyond an iota of confusion, is critical to organizational success. It's equally important for innovation, customer satisfaction, profitability and new product development of the organization. All go hand in hand. People are at the centre of any organization. They are outside it as well as inside the same.

Unfortunately for talent management, not many organizations have realized the importance of it till date. They still consider it as an overhead, much of which may be attributed to the fact that it does not directly reflect in the balance sheet of the company. When we dwell into the reasons we find that somewhere those are the helm of affairs in HR fail to implement talent management in their organizations effectively. In addition, many HR personnel either are themselves not convinced with the practice or lack the relevant skills to implement the same.

In such a scenario outsourcing is one way to look at solving the problem. The idea is that those who are best in the business will take care of the same. Talent management consulting organizations have people who are specialists in the department. After all it is very important to have a talent management strategy in place that is consistent, systematic and strategically focused. But there are pros and cons to outsourcing talent management. Let us analyse each of them.

18.6 POSITIVE AND NEGATIVE ASPECTS OF TALENT MANAGEMENT CONSULTING

Primarily organizations outsource their talent management because of underlying assumptions like - the management will be effective, efficient and result oriented, HR people will be spared of unnecessary engagement, employees can be focused in their respective domains and the like.

The following are some of the benefits or positive aspects of talent management

Talent management consulting firms employ proven talent selection, career planning and development, people orientation and retention tools after strategizing with the top management. This is contrary to the common in-house organizational practice which is very unsystematic and does not make use of any tools.

They are focused unlike in-house talent management team that has other things to take care of.

Negative Aspects of Talent Management Consulting

The negative views are based on the fact that since it's the employee data and the employees themselves that the talent management consulting deals with, there is a potential risk of the information getting leaked. However, the negative aspects of talent management consulting are summarized as follows:

Talent management consulting/outsourcing demands access to your critical organizational/people data. There is a potential risk of any consulting firm gaining insights into organizational functioning.

Since organizations do not have a great belief upon the effectiveness of the practice they do not want to spend much on the same. There is a big cost attached to the outsourcing thing. Organizations world over have begun to realize the importance of talent management especially after the economic downturn. Outsourced or otherwise, it is crucial for any organization that wants not only to survive but also excel in their respective sphere. The decision is theirs.

18.7 EMPLOYEE VALUE PROPOSITION: MEANING AND ITS IMPORTANCE

- ◆ Imagine a situation where you have to sell jobs for your organization to individuals who have many lucrative job options in hand, what would you sell the job for or would you actually be able to attract the right talent towards a certain job! Every organization wants the best talent on-board, but how many of them actually succeed in the same? The question stares most of the organizations on their face today.
- ◆ Businesses can no more afford to think only of existence, they need excellence for survival. When we look at what makes organizations great, is it the fixed assets, the plant and machinery, the technology? No, while all of these are important and contribute in their own way to an organizations success, there is more to it that makes great organizations great, it is the people!

18.8 THE BIGGEST CHALLENGES AND EVP

- ◆ Attracting, hiring and retaining people are the biggest challenges for the talent management of the day. For this to happen it is equally important to develop value propositions for jobs to attract talent sufficiently. Employee value proposition means creating a balance of rewards and recognition in return to an employee's performance at workplace. It is a people centred approach that is directed to existing employees and integrated manpower planning strategies because it comes from existing employees themselves. It must be original, unique, compelling and strategically directed to a talent pool.
- ◆ The biggest challenge to talent management is ensuring a supply of talent sufficient to match the estimated demand, especially when the demand is very hard to predict and when the supply of talent is not constant. Remember - the talent management of 1970's that failed severely because of the demand supply match. In such a scenario it is the best to build an employer brand of the organization which can be achieved by developing an employee value proposition. The latter is also referred to as employer brand proposition.

18.9 WHY EMPLOYEE VALUE PROPOSITION AND IMPORTANCE OF EVP

- ◆ Many workers including Tandehill (2006) have recommended organizations to build unique brands of themselves in the eyes of its prospective employees. This essentially means developing a statement of 'why the total work experience at their organization is superior to that at other organizations. The value proposition should outline the unique employee policies, programs, rewards and benefits programs that prove an organizations commitment to people and management development. In nutshell it should define an employee's 'why should I join this organization?'
- ◆ The employee value proposition needs to be communicated in all hiring efforts of the organization. It may be reflected on the company's website, job advertisements and letters extending employment opportunities.
- ◆ Benefits of EVP - It is a known fact now that there is more to employee satisfaction than just remuneration (salary and benefits). Employee value proposition has been proven crucial to attracting, hiring and retaining the best talent in the industry. This goes a long way in helping prioritize the HR policies, creates a strong brand in the eyes of people, and helps in workforce engagement.

The employee value proposition



Fig.18.11:01

18.10 RETURN ON TALENT (ROT) AND OPTIMIZING INVESTMENT IN TALENT

The profit or other benefits that accrue to a company from its investments in recruiting and retaining valuable employees. The performance of an organization is determined by the performance of its employees. Knowledge is one of the most important factors contributing to business success. If knowledge assets are enhanced, related metrics such as sales, productivity and quality also improve. Also known as intellectual capital, talent is one of the most significant areas of business activity and competition. To maximize knowledge and intellectual capital, companies must use a new tool called return on talent (ROT).

ROT- Defined

ROT measures the relationship between people and productivity. It's likely to become as pervasive in business lexicon as ROI in the coming years, as human capital is added to the list of regularly measured and highly valued variables.

ROT = knowledge generated + knowledge applied. For generations, companies have used ROI to determine value. Increasingly, companies are now also using ROT. If you have talented people, knowledge is just one component. The generation of that knowledge is the most important thing talent can provide. It becomes an asset only when it is captured and used effectively.

Understand the value of knowledge. The value of knowledge generated increases with its effective deployment. This leads to a more creative workforce, smoother processes, continued improvement and enhanced communication. It helps management be flexible, capitalizes on opportunities and keeps pace with the changing business climate. Talented people influence those around them and share their knowledge over time.

ROT measures payback from your investment in people. It shows whether managers are hiring the right talent and how effectively they use it. ROT can be a qualitative or quantitative measurement, based on the viewpoint of management. If you want to see quantitative results, you must put a price on knowledge generated based on results achieved.

Knowledge becomes a key productivity factor. It joins more traditional resources such as raw materials, buildings and machinery. To make your investment more profitable, you must constantly measure and continuously improve ROT.

Evaluate Your ROT Needs

Build a culture that attracts and fosters the competencies you need to achieve desired results. To evaluate your ROT needs, consider:

- ◆ How wide and deep is your talent pipeline?
- ◆ What is your competition doing to attract and retain talent that you are not?
- ◆ Do you have a formal, measurable mentorship program in place?
- ◆ Are you rewarding the correct leadership behaviours?
- ◆ Do you have core competencies identified for the whole organization?
- ◆ Do your employees know what's expected of them? Do they have the skills, experience and competencies to succeed?

The worth of a business is based on tangible and intangible values. When you hire, train and develop high-performing employees, you make a significant investment in your intangible value. This makes up about half your overall business valuation, equates to real dollars and must be effectively managed in order to ensure you get the best ROI.

Make ROT Happen

Organizations that constantly improve their ROT grow at a rapid rate and emerge at the head of the competitive pack. ROT is an excellent performance indicator that should be managed and measured in the same way as your budget and financial bottom line.

Build a team focused on talent development. To achieve high ROT, you need a talent-centred team. Most of the individual talent within a company can be optimized if team dynamics are right.

Monitor ROT. If you see that certain employees are not generating enough knowledge relative to your investment in them, then that should be a red flag. Address the issue so your ROT value doesn't fall below that of your competition.

Decide how to build ROT throughout your organization. Do it person by person and function by function. Assess all the talent in your team and find out who and what is bringing in the most profit and winning and keeping customers.

18.11 INVESTMENT IN TALENT

An organization makes multiple investments in acquiring and effectively utilizing its talent:

- ◆ Management time and effort – Numerous man hours spent by business and HR managers in recruiting and managing talent.
- ◆ Operating costs – The largest human resource costs in a company are in areas of recruitment, training, staff welfare, travel for human resource related processes, etc.

- ◆ Overall employee costs – This is an aggregation of cost to company (compensation and benefits) of all employees. These costs are part of every company’s profit & loss statement and normally tend to increase over time.

Talent constitutes not merely employee numbers but also their capabilities. Hence, ROTE (Return On Talent Employed) may be defined as the value gained in terms of contribution to business results through effective utilization of talent and their capabilities while optimally managing talent costs.

The concept of Talent Value Chain provides a comprehensive model to view the processes through which talent is employed and utilized.



Table. 18.16:01

Organizations should measure return on talent as well as return on investment. Knowledge is a critical factor in business success where increasing knowledge factors leads to the increase of related factors such as sales. Workforce and talent management have become significant areas of business activity and competition.

The problem of identifying, positioning and compensating high potential employees spans all disciplines and levels. Lost and underused employees represent an enormous

organizational loss. There is difficulty in measuring the financial contribution of employees beyond global measures such as revenues per employee. Organizations today fail to understand the crucial strategy of how to increase return on investment (ROI) by increasing return on talent (ROT).

The return on talent has the power to revolutionize business. The return on talent is the knowledge generated and applied divided by the investment in talent. Talent would generate knowledge. However, if knowledge is not applied that is a loss of market value. If an employee generates many innovative ideas but these are ideas are not implemented, then the value contributed to the organization is zero. Value is about generating knowledge and applying it. Knowledge generated that is not captured and used effectively does not contribute to ROI.

Knowledge assets should be cultivated in the context of strategy. Organizational leaders can't define and manage intellectual assets unless they know what they are trying to do with them. The value of knowledge depends on its effective deployment to generate a high ROT that would facilitate creativity, innovations, and product improvements. If managers want top performance, they should not place top talent in routine jobs. Knowledge brings creativity, innovation and adds value to organizations. Organizations should improve ROT to sustain sales growth since it is a critical performance indicator to be measured and managed like financial outcomes.

Organizations by building teams that are focused on developing talent can be innovative if the team dynamics are right. An organization that has a low ROT has dysfunctional teams. Management by measuring and monitoring ROT can decide on how to increase ROT throughout the organization. This can be accomplished, person by person, function by function. Many managers fail in environments where they work by intuition rather than structure. After managers identify talent, they should provide them with the authority and the resources to boost the ROT team score.

18.12 LEARNING AND DEVELOPMENT OF TALENT

Learning and development (L&D) strategy is an organizational strategy that articulates the workforce capabilities, skills or competencies required to ensure a sustainable, successful organisation and that sets out the means of developing these capabilities to underpin organizational effectiveness. The L&D strategy should reflect and reinforce the approach within the broader HRM strategy and also link with other strategies (for example, reward). A key element of an organization's learning strategy will target the long-term development of those identified as exceptionally high-performing or high-potential individuals (known as 'talent'), who are critical to long-term business success. This would typically include the use

of techniques such as mentoring programmes with senior leaders, in-house development courses and project-based learning.

Learning and development, often called training and development, forms part of an organization's talent management strategy and is designed to align group and individual goals and performance with the organization's overall vision and goals.

Much has been written about the leading practices of L&D. the research suggests that high-performance L&D rests on six leading practices:

1. It is linked to business strategy.
2. It builds organizational capability, not individual competence.
3. It creates a culture of agility, innovation, and learning.
4. It leverages social media tools.
5. It is driven by senior leaders.
6. It is measured for its impact on business results.

High-priority goals of L&D are:

- Increased productivity and performance improvement
- Improved levels of employee engagement
- Improved employee retention
- Decreased gaps in critical skill areas
- Increased revenue and other business and talent metrics.

To achieve these L&D goals, **Learning and Development Activities** have been identified:

Professional Development

High-performance learning is all about creating learning opportunities that develop the skills, knowledge, information, and experiences of the employees for purposes of personal development and career advancement. High-performing organizations (HPOs) invest both in L&D for professional development purposes, as well as leadership development.

Learning Goals

The starting point for invaluable L&D is clear definition of learning goals that are tightly linked to the organization's business strategy. To ensure tightly aligned learning goals, the L&D leader meets regularly with executives and other business leaders to identify the business outcomes that are expected from learning experiences and interventions. A formal learning strategy is agreed upon that documents how learning will be measured for its impact.

Needs Analysis

Learning needs analysis is the process of understanding what skills, knowledge, and attitudes need to be changed or improved to produce better business results more quickly. Today's agile, fast-paced businesses require agile, fast-tracked analysis approaches. In the rapid approaches used by HPOs, organizations first determine whether learning is the appropriate solution to a job performance problem—it could be a change management issue, a communication opportunity, or even an organizational restructuring initiative. Assuming learning is the appropriate solution, HPOs conduct a rapid-fire assessment in four steps:

- ◆ Collect existing performance data on the behaviours to be improved
- ◆ Analyse the data isolating performance gap areas
- ◆ Identify the causes for the gaps
- ◆ Recommend and implement learning solutions to close the gaps

Content and Performance Support Tools

Learning content and tools exist in hundreds of forms today: courses, blogs, networking communities, coaching, mentoring, simulations, Webinars, games, videos, flipped classrooms, and more. (A flipped classroom inverts the typical cycle of content acquisition and application so learners gain the necessary knowledge before participating in a learning experience, and during the learning experience, facilitators guide learners too actively and interactively clarify and apply the knowledge acquired.)

The important points about today's learning content are these:

- ◆ Learning Department-generated content is out; user-generated content is in.
- ◆ Traditional course-based content is out; mobile and social cloud-based content is in.
- ◆ Flash is out; video is in.

Traditional learning management system (LMS) platforms are out; social tools, personal learning environments, and Massive Open Online Courses (MOOCs) are in,

- ◆ Content development is out; content curation is in,
- ◆ Designing for one mobile device is out; designing for all mobile devices—BYOD (Bring Your Own Device)—is in.
- ◆ Traditional simulations are out; gamification is in.

Design: With the emergence of today's new forms of collaborative, networked, social, and video-based learning, today's learning architects (previously referred to as instructional

designers) are chartered to create learning that focuses on innovative approaches to the 70 and 20 components of the 70-20-10 model. The challenge is to design learning experiences that keep the learner engaged, allow discovery of new knowledge, and enable co-creation among learners of new solutions and tools. Today's design approaches empower learners to participate, communicate and innovate together.

Delivery: We suggest that a better term to describe this element of learning is enabling. In other words, high-performance learning today is about the tools, experiences, content, and knowledge with which organizations empower employees to help them learn better. In today's L&D world, HPOs provide infrastructure for sharing information, ensure employees have skills to learn, facilitate the production and curation of user-generated content, and set up communities and networks for learning face-to-face and virtually. They do not deliver learning to employees. Instead, they create opportunities for employees to learn. This is a fundamental shift in the perception of what learning delivery means today.

Learning and development programs benefit organizations by:

- ◆ **Improving the bottom-line performance** of the organization by giving employees the skills needed to excel.
- ◆ **Reducing external recruiting costs** by developing internal employees and preparing them to take on greater leadership roles.
- ◆ **Increasing employee retention** by visibly demonstrating to employees an investment in their career development and growth.

18.13 IDENTIFICATION OF LEARNING AND DEVELOPMENT NEEDS: AN EXAMPLE

The following is an example of an organization facing learning and development challenges:

- ◆ The organization had not formally identified the skills and abilities its employees needed to execute its business strategy.
- ◆ The organization had a variety of training programs that had been developed over the years. None of these were aligned with a framework, a strategy, or each other.
- ◆ The organization's training and development budget was being spent on "favourite" programs or fads, often identified by individuals without expertise in the science of learning or development methodology.
- ◆ Senior leaders in the organization contracted executive coaches individually, often without contract or fee regulation, measurable outcomes, or confirmed business needs.

- ◆ The organization did not actively measure the impact, effectiveness, or value of its learning and development programs.

18.14 CASE STUDY

Premier Optics Limited, Vangalapudi, produces and sells high qualitative contact lenses through its retail outlets.

One day, a customer visited its Bangalore retail outlet along with a lens which had cracks. He enquired from the salesman behind the counter, the cost of replacement of the lens. The salesman examined these lenses and identified that the lens was produced by Premier Optics Ltd. And the cracks were developed due to the defect in the production process. He told the same to the customer and noted the telephone number of the customer. He informed the customer that the new lens will be supplied at the customer's home next day at 10.00 a.m. without any cost.

The customer felt immensely happy. Being the production manager in the Zuari Cements Ltd: the customer was confused of the decision of the salesman and asked him how could he identify the production defects, being the salesman, how could he decide to replace the product without referring the matter to the Finance Department. Then, the salesman replied that the employees in the Premier Optics Ltd., are empowered to take and implement all decisions relating to an operation based on the customer.

- 1) What was the problem of the customer?
- 2) What was the solution given by Salesman?
- 3) What kind of Strategy do you observe in the premier optics Limited for developing employees?

18.15 NOTES

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18.16 SUMMARY

The prime focus of talent development is enabling people to grow, since the quality of an organisation is determined by the people it employees and has on board. After sourcing the people, then hiring and deploying talented employees – retaining and nurturing is an ongoing process. Talented employees are high flyers with potential to develop to assume senior oppositional and management positions. Organisations should adapt different strategies for managing talented employees.

This is an additional cost incurred on training and developing the new individual. Organisations need to budget for talent development and this is a long term investment. Decision has to be taken by the management of the organisations whether it has to look inside for solutions and design and develop better employee retention, rewards and recognition strategy. Insourcing v/s outsourcing. Employee value propositions means creating a balance of rewards and recognition in return to an employee’s performance at work place. Employee value propositions is a “*people centric approach*”.

18.17 KEY WORDS

Talent development, Retentions, Reward, Training, Learning & Development, Return on Talent (ROT)

18.18 SELF-ASSESSMENT QUESTIONS

- 1) Talented employee are high flyers –discuss?
- 2) What are the different strategies adopted by organisation for talent development?
- 3) What are the financial benefits of Talent Management?
- 4) Analyse the statement “*Investment in talent development is an asset or liability*”?
- 5) Explain the methodology adoptedfor employee value proposition
- 6) Explain the concept of Return on Talent (ROT) and explain how organisation make plan for Investments in Talent development?

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UNIT - 19 : CONTINGENCY PLAN FOR TALENT

Structure :

- 19.0 Objectives
- 19.1 Introduction
- 19.2 Steps Outlined for Contingency Plan
- 19.3 Market Driven Contingency Plan
- 19.4 Talent Management Practices and Process
- 19.5 Talent Management Trends in India in 2015
- 19.6 Talent Attraction
- 19.7 Employer Branding - Who Plays a Part?
- 19.8 Guidelines for Employer Branding
- 19.9 Attracting the Right Candidate
- 19.10 Contingency Plan, Rehiring and Recalls
- 19.11 Recent Trends in Human Resource Planning (HRP)
- 19.12 Case Study
- 19.13 Notes
- 19.14 Summary
- 19.15 Key Words
- 19.16 Self-Assessment Questions
- 19.17 References

19.0 OBJECTIVES

After studying this unit, you will be able to;

- To define the Contingency Plan for talent.
- To develop the Contingency Plan for talent.
- To suggest various methods of Contingency Plan.

19.1 INTRODUCTION

Developing a contingency plan involves making decisions in advance about the management of human and financial resources. Contingency plans are part of business continuity, disaster recovery and risk management. Organizations that don't make contingency plans often do poorly when setbacks happen.

A Contingency plan is a plan devised for an outcome rather than in the usual (Expected) Plan. It is often used for risk management when an exceptional risk that, through unlikely would have catastrophic consequences.

Human Resource Planning is the business process for ensuring that an organisations has suitable access to talent to ensure future business rulers. Contingency plan helps organisation prepare for potential events.

Definition of Contingency Plan

A contingency plan is a course of actions designed to help an organisations respond effectively to significant future event or situations that may or may not happen. A contingency plan is sometimes referred to as "Plan B because it can be also used as alternative for action if expected results fail to materialise.

19.2 STEPS OUTLINED FOR CONTINGENCY PLAN

The steps outlined for contingency plan are as follows:

1. Develop the contingency planning policy statement – A formal policy that provide the authority a guidance necessary to develop an effective contingency plan.
2. Conduct the Business Impact Analysis (BIA) – The BIA helps identify and prioritise information's systems and components critical to supporting the organisations mission/ business functions
3. Create contingency – through recruitment, retention, recognition and reward strategies to be formulated

4. Ensure training plan – the plan needs to identify skill gaps and design training plan to enhance the effectiveness and competency
5. Ensure plan maintains – the plan should be a living document and needs to update regularly with the changing organisational needs.

19.3 MARKET DRIVEN CONTINGENCY PLAN

Fast moving markets require fast moving organizations that are continually refreshed with new talent and are susceptible to outside poaching. Organization are comfortable when they bring talent in and uncomfortable when talent leave. **“To Poach is fine to be Poached is not”**.

In a time of tight labour markets, talent can be very hard and very expensive to replace. Even good employee walks out the business takes a hit. Avoiding to people from jumping ship many companies have fallen back on traditional retention programmes. One of the initiative is “Re-engage” with employees. By designing and promoting new, long term career paths and investing heavily in employee development, the company can win back the loyalty of its workforce and could stop the outflow of talent.

19.4 TALENT MANAGEMENT PRACTICES AND PROCESS

A talent pipeline is a pool of candidates who are qualified to assume open positions that have been newly created or vacated through retirement or promotion.

“Talent pipeline” refers to an organization’s ongoing need to have a pool of talent that is readily available to fill positions at all levels of management (as well as other key positions) as the company grows. At each level, different competencies, knowledge and experiences are required, and (to keep the pipeline filled) the organization must have programs designed to develop appropriate skills sets.

Reasons Why You Must Start Building a Talent Pipeline

1. Reduce time to hire

The first key reason for building a talent pipeline is that you can cut your time-to-hire by 50% (number based on our own customer experience). The fact that you’re nurturing relationships with your talents will make it easier for you to fill an upcoming vacancy.

2. Minimize business disruption

Unexpected vacancies will disrupt your business and as a result employee will have lower morale due to a higher workload as seen in a recent skills gap survey. Additionally, work will be delayed or not completed at all. This will lead to declines in customer service,

lower quality work and a loss in revenue. With a strong talent pipeline you could quickly re-fill those open positions and avoid those negative impacts.

3. Higher success in interviews

Reason number three is based on your relationship with the potential talent. Because you already established a connection, candidates are at times more successful in interviews than “normal” candidates, as client research has demonstrated. This will lower your time spent in interviews because you don’t need to schedule as many interviews as you would without a talent pipeline.

4. Reduce cost per hire

Of course, you will have to initially invest a portion of your budget into your talent pipeline. However, in the long-term, it will pay off with a high ROI. Our customer case showed that they had 10 to 15 times higher return on investment.

5. Find the best talent

Everybody wants the best talent. Building an interpersonal relationship with your talent before there is a vacancy will reduce the risk of a competitor salary war because the candidate already has a connection with you

Dimensions	HR process	TM process
Goals	Greater efficiency , obedience	Better management of people to achieve strategic business goals
metrics	Shorter time to hire , lower cost to fill, higher percentage of employees reviewed	Higher quality hires , stronger leadership pipeline
benefits	More efficient HR performance	Better business performance
users	HR professionals / power users	Business managers , HR professionals
Decision makers	HR specialist	HR specialist, senior executives, business managers,
Technology solutions	Feature rich single function applications, designed for HR professionals	Comprehensive , configurable cross functional solutions designed for business managers
Characteristics Of HR And TM Process		

Table.19.05:01

19.05 TALENT MANAGEMENT TREND IN INDIA IN 2015

As the business environment has improved, most businesses are looking for growth drivers.

Identifying top talent—critical employees with unique skills and the leaders of tomorrow—has meant looking at new solutions and offerings, redefining competitive advantage, restructuring as well as strategic talent management.

The tools and methods for identifying and classifying high potentials have become sophisticated. Advancements from big data, technology and psychology are impacting the thinking about how to grow and develop talent for business success. This is giving rise to many exciting innovations at every level. Some trends to follow in 2015 include:

Simplification.

Organizations are increasingly realizing the importance of cutting down overhead and productivity drains from cumbersome policies and processes. Making and maintaining elaborate policies slow down decision-making. While the objective of having well-laid out processes is predictability, efficiency and transparency, these goals are achieved at a cost. The cost is agility and lost productivity, effectiveness and business opportunity.

The employee experience.

The entire focus of talent engagement is now on building a positive experience which can result in better performance, greater innovation and results. The experience of dealing with the company—getting onboarded, trained, appraised, applying for vacation, being evaluated or promoted is sometimes more straining than the experience of getting the actual work done. Organizations are creating winning experiences for their employees and in turn benefiting from similar experience for their customers.

Predictive analytics.

Analytics and data modeling is being used to predict and prevent employee turnover. Access to historical data and advanced tools for analysis are helping organizations make better decisions and predict outcomes. It has become possible to identify risk factors related to demographics or events that trigger disengagement.

Networking.

Social networking enhances the impact of talent management actions. Whether it is learning, hiring or connecting with the workforce, both intra-company and large social networks are magnifying the impact of these actions. There is an opportunity to share practices,

learn, listen to views, and invite reactions—all at a speed that was unthinkable earlier. The reach to various stakeholder constituencies—employees, customers, candidates and former employees—provides unprecedented opportunities to learn and create value.

Mobile.

Talent management software is being reinvented for mobile devices. Light and nifty mobile apps are replacing cumbersome software. Almost all enterprise software has a mobile version with access-anywhere functionality. Networking and culture-building tools within the organizations have gained prominence. These are rapidly replacing e-mail as the primary communication tool.

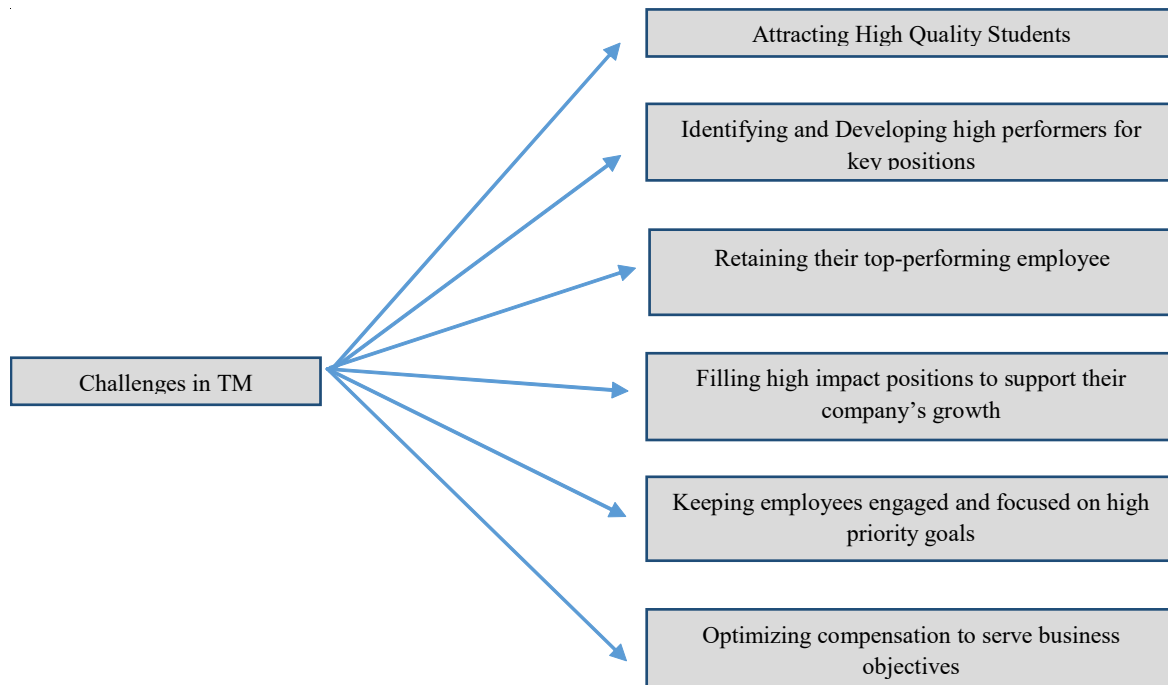


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19.6 TALENT ATTRACTION

To attract talent globally more organisations are changing their workforce strategy to incorporate new sources of talent, such as contingent workers, independent contractors and project based services.

According to the workforce 2020 study, 83 percent of executives are increasing their contingent workforce, leading to serious implications for engagement retentions. Talent attractions plans that strategically – incorporate contingent talent which can result in greater

cost flexibility as well as increased speed to respond to the customer needs. It is a challenge for HR department to reduce the complexity by simplifying the hiring process. Organisations with the ability to innovate, attract and retain adverse community of top talent externally and internal will thrive.

Talent attraction through branding

Attracting the right people to your business relies on being perceived as an employer of choice – especially at the executive level. The top talent is always in high demand, irrespective of economic conditions. But when the outlook is perceived as uncertain, it takes a more sustained commitment from organisations to convey their employer proposition to prospective new business leaders and functional specialists. Professionals with experience in a specialised industry sector or a proven track record of transformation and change, for example, are well aware of their market value and used to proactive approaches from search specialists and potential new employers. In a tricky climate or difficult operating conditions, the requirement for new hires is to make an immediate difference – whether that be to the bottom line, transformation agenda or business strategy. Those top-notch candidates with the requisite experience know that they’re sought after to add value, and quickly, so will always ask, “what’s in it for me?”

Top talent is always in high demand

Remuneration, rewards and the ability to influence all play a big part in the answer to that question – but so does the perception of the organisation, how it stacks up against the competition, potential for growth and organizational culture. The opportunities for earning and career development, in tandem with the perception of the business in a professional context all merge to form the employer brand, and it’s something that requires attention when attracting key leaders.

19.7 EMPLOYER BRANDING – WHO PLAYS A PART?

Employer brand (also known as talent branding) is the term commonly used to describe an organization’s reputation as an employer, as opposed to its more general corporate brand reputation. The term was first used in the early 1990s, and has since become widely adopted by the global management community. Minchington describes your employer brand as “the image of your organization as a ‘great place to work’ in the mind of current employees and key stakeholders in the external market (active and passive candidates, clients, customers and other key stakeholders). The art and science of employer branding is therefore concerned

with the attraction, engagement and retention initiatives targeted at enhancing your company's employer brand.

Unless a business is a brand new start-up, they're likely to have an existing reputation as an employer – whether this is intentional or not. Given that potential new employees make decisions about joining based on this impression, it pays to define a strategy to make sure the right (and real) messages are being heard. Defining and implementing employer branding strategies is usually the remit of the human resources department, in conjunction with marketing and communications and increasingly senior business leadership. A full employer branding strategy is complex, with the need for stakeholder agreement, set deliverables and success measurement but here are some of the basics to bear in mind, as there's no doubt that a good perception of employer brand is essential in the process of attracting (and retaining) top executive talent.

19.8 GUIDELINES FOR EMPLOYER BRANDING

1. Find out who you are:

Before embarking on any active branding strategy, it's essential to determine if you're considered an employer of choice by your existing leadership team. Current and previous employees are your greatest brand ambassadors, and if they're not conveying a positive message, it's important to find out why not. Employee satisfaction surveys and monitoring reviews of your organisation online are useful ways to get a feel for the perception of the company amongst your staff. Providing an open forum for comment amongst senior management could also help to gauge sentiment.

2. Define culture and aims:

What is it that keeps your employees engaged and differentiates you from your competitors? The answers should provide the reasons why people would want to work for you. It may be your environment of continual improvement with enviable training opportunities, or simply a friendly, collaborative atmosphere. Only when you've got a grip on who you are and what makes you different will you be able to communicate this to a wider audience.

3. Consistent messaging to different audiences:

The experience of your brand you impart to graduates will obviously differ to that at director-level, so segment your audience and speak to them as groups. Make sure the tone and message that you're conveying to the leadership/specialist end of the market is at the appropriate level and sufficiently detailed, while adhering to the over-arching aims and purpose

of the organisation. Most importantly, make sure that everyone involved in conveying your employer brand is informed of the right information to do so.

4. Leaders buy leaders:

People want to work with others who're considered leaders – not just as 'heads of' departments or functions, but true leaders who define new parameters and encourage change. Promote the capability of your existing leadership team with examples of their innovation and how your culture and environment fosters this sort of talent. If you're looking to up-skill or improve an area of the business, the focus should be on opportunities to affect change and shift culture

5. Pay attention to your online presence:

"59% of companies leverage their career website for communicating their employer brand" and "44% of companies use social media to enhance their employer brand" according to research released by Employer Brand International in October 2011. While the online/ social medium may differ according to the level of employee being targeted, it's likely that online interaction will influence brand perception – whether that's the relevancy of information included on the corporate website, the research and insight that an organisation releases, or simply the LinkedIn profiles of the leadership team.

6. Back to basics:

Brand perception is an on-going process that can shift according to circumstance or situation. While there may be a positive impression during the initial awareness phase of research online or through networks, a poor interview experience (lack of feedback, delays) could negatively influence initial good perceptions. Make sure that all interactions with your brand are consistent and accurate – whether it's your online presence, leadership team, HR etc. "Although crucial for candidate attraction, ensuring positive employer branding also plays a big part in the engagement and ongoing retention of your top talent. Candidates who turn into employees have done so, in part, because of their positive experience of your brand," said Simon Bell, MD of Page Executive in the UK. For a more detailed conversation about the role your employer brand has in executive-level talent attraction, please get in touch with your local Page Executive team.

19.9 ATTRACTING THE RIGHT CANDIDATE

This section looks at the process of persuading the right people to apply for jobs, from assessing what the right person might look like to making the job attractive to them. The following issues are covered:

- I. Job analysis
- II. Sources of recruitment
- III. Employer branding
- IV. The promotion of the organization's employment package
- V. The job pack

I. Job analysis

Before determining who to attract and select, it is essential that the organisation has a clear idea about what the job requires and the attributes of the person who will best meet these requirements. Traditionally, job or role descriptions and person specifications have been devised to enable the organisation to do this.

Job or role descriptions detail information about the job purpose, its position within the organisation and the work tasks and outputs. A person specification tends to set out in more detail what sort of skills, attributes, experience and qualifications are needed for an individual to meet the requirements of the job and how the organisation will assess the individual during the recruitment and selection process to determine whether they meet these requirements.

The process of job analysis is a good opportunity to have a thorough review of a job. The tendency is to look at the old job description and person specification and to re-issue them or at the most make marginal changes. This can be a missed opportunity. In particular, where an authority is engaged in a process of modernization and is rethinking the way services are delivered, roles might need to change and/or different skills and experience might be required.

Organisations should also consider on what basis the post should be filled (e.g. full-time or part-time) and indeed, whether it needs filling at all.

II. Internal or external recruitment

Internal candidates can be given the opportunity to apply for any vacancy. Potential advantages of internal recruitment are:

- Internal appointments may be good for morale, sending a message that there are opportunities for advancement within the organisation;
- The organisation will have more information about an internal candidate's capabilities and attitude;
- An internal candidate may require less time to adjust to a new job, because they will already know about the organisation;

Appointing an internal candidate can speed up the selection process and reduce the costs involved.

However, there are also circumstances where external recruitment is felt to be necessary, for example:

- The necessary skills and expertise may not already exist within the organisation and might require a substantial investment in training to achieve;
- Where it is desired to change the culture and values of the organisation, it may only be possible to do this by bringing in someone externally from a different environment;
- External applicants bring in the skills and knowledge of other organisations and thereby can encourage a cross-fertilisation of ideas and approaches;
- Recruiting internally can restrict the pool of candidates and could be discriminatory if the existing mix does not match that of its catchment area, or if there are internal perceptions about who is able to carry out particular jobs.

III. Sources of recruitment

◆ Redeployment

In many cases organisations will have a policy of redeployment where employees under notice of redundancy or unable to perform their current job because of health considerations will receive preferential treatment. Redeployment helps to retain the skills and experience of such employees. Considering redeployment is also necessary under the DDA where a disabled employee is unable to continue in his or her current role. However, a disadvantage is that it can slow up the recruitment process if redeployees have priority over all other candidates.

◆ **Advertisements**

Job advertisements need to:

- Attract a good response from suitably qualified people;
- Discourage those people who would be unsuitable;
- Promote a positive image of the organisation;
- Comply with discrimination legislation.

Newspapers and Specialist Press/Magazines

Newspapers and specialist media are frequently used. However, they can be expensive and it is therefore important to carefully consider the target audience. For example, national newspapers will probably only be used for managerial, professional or specialist jobs or where the local employment market is particularly buoyant.

Specialist magazines/press can be specialist in terms of specific professions, such as People Management or Computer Weekly or for particular groups of people, such as the ethnic press. Using these types of publication can ensure that the advertisement attracts those from within the profession/particular group.

◆ **Job centre Plus**

The service includes:

- Advice on recruitment methods and procedures;
- Information about the availability of suitable applicants;
- Circulation of the vacancy locally, nationally, or internationally via the Job centre Plus website, telephone helpline and interactive touch screens within Job centres;
- Advice on employing people with disabilities;
- Advice on New Deal.

◆ **Databases**

If the organization is frequently in need of the same type of skills it may be useful to retain the details of unsuccessful but suitable candidates, should a potentially suitable vacancy arise in the future. This can be a relatively speedy and inexpensive way of identifying suitable candidates as the marketing process has worked and these candidates are already potentially interested in working for the authority.

To comply with the requirements of the Data Protection Act candidates must give their consent to their details being held.

◆ **Using external organizations**

Recruitment and advertising agencies and consultants

External recruitment agencies may be useful to the organisation if it does not have adequate recruitment resources in-house or if it is looking for a particular type of person.

Agencies and consultants provide the following services:

- Advertising agencies design advertisements or campaigns and advise and arrange for adverts to be placed in the appropriate media;
- Employment/recruitment agencies supply details of candidates held on their records to the organisation;
- Recruitment consultants find candidates by advertising on behalf of the organisation and after assessing the response, provide the organisation with a final shortlist (known as executive selection).

◆ **Executive search (head-hunters)**

With equalities issues at the forefront of many organisations' practices, it is recommended that executive search should follow from open recruitment, unless it is already clear that the skills required are not available and that this has already been tested. Executive search may provide the answer to recruitment difficulties.

◆ **Checklist**

1. Does the firm belong to a professional body (Recruitment and Employment Confederation, Management Consultancies Association (MCA), etc.)? If so, request a copy of the professional code of conduct. If not, ask what quality procedures are in place and how client disputes are resolved;
2. Check whether there will be a dedicated consultant for the post through whom all queries can be answered;
3. Check the consultant's availability throughout the process;
4. Find out whether the consultants have experience in working in the sector;
5. Find out what level of posts they specialize in;

◆ **Using the Internet**

The Internet can be used during the recruitment and selection process to:

Advertise jobs;

- Provide information on the job and its requirements (such as copies of the job description and person specification);
- Provide information on the organisation;
- Enable applicants to send their CV or complete and send an application form online;
- Enable the organisation to respond to the application online.

IV. A marketing opportunity - Employer branding

An important part of attracting the best candidates is to promote the organisation as an 'employer of choice'. Employer branding is the concept of applying the same marketing process used in the management of customers to the recruitment process.

Influences on the development of an employer brand come from the organisation itself, its competitors and the community which it serves. An organisation can market its vision, culture and values during the recruitment process to differentiate it from its competitors and attract the right sort of candidates.

V. Promotion of organization's employment package

Employer branding is not just a marketing exercise - it is the beginning of an employment relationship. Highly talented graduates can always find work, even in an economic slowdown. Organisations looking to tap into this talent and recruit excellent people must ensure they have an excellent recruitment process. Employer branding is the company's image as seen through the eyes of its associates and potential hires. It is concerned with the need for employees to 'live the brand'. This is centered on engaging employee loyalty to the brand and developing commitment to the organisation. Your employer brand is the voice and image of the communication you implement to attract and retain employees.

VI. The job pack

The most frequently used method of getting information to potential applicants is via recruitment packs, often sent out with application forms. These packs may include information about:

- The job: the job description, a copy of the person specification, the key objectives and targets;

- The section or department in which the job is located;
- Terms and conditions of employment, including an indication of the salary range, and, if the job is being advertised nationally, what the organization's policy is on relocation;
- The organisation: its size, services it provides, history, values, people, etc;
- The location of the organisation and details about the surrounding area.

19.10 CONTINGENCY PLAN REHIRING AND RECALLS

Contingent workers are hired by companies to cope with unexpected or temporary challenges – part timer's freelancers, subcontractors and independent professionals. Organisations establish relationship with such employees and as and when a need arises they are hired for specific task and time and are recalled when they are needed. Organisation also use the temporary help of agencies when it is hard to get required skills or when companies are not highly visible or they cannot spend time recruiting of when they went to avoid overheads and benefits of a full time employment "Rehiring and Recalls" are beneficial to organisations that have seasonal fluctuations in the demand for workforce such as departmental stores, Agro based industries etc., Recalls and Rehires also occur in organisations coping with unexpected staffing problems created by downsizing.

19.11 RECENT TRENDS IN HUMAN RESOURCE PLANNING (HRP)

- A. Outsourcing – Most of the organisations stored to plan for outsourcing human resources rather than HRP in order to
 - Reduce the cost of human resources
 - Avoid the difficulties in human resource management and
 - Reduce the negative implications of overstaffing
- B. Many organisations outsourced the canteen, housekeeping, sales, Book keeping, accounts receivable and employee welfare oppositions.
- C. Contingency clause in HRP – Most of the software companies have been implementing time bound projects similarly fast delivery has been the vital strategy of many manufacturing companies. hence most of these companies plan for contingency human resource in order to ensure that no project is delayed due to human factor.

19.12 CASE STUDY

Almost everyone is aware of Facebook. Usually that knowledge comes from either using its social media product or by reading about its CEO. However, the unique aspects of the firm that almost no one is aware of are its distinct and powerful talent management practices.

In most cases, it takes literally several decades to develop an exceptional company that has a unique set of talent management practices that produce phenomenal business results. But occasionally there are exceptions. Apple became exceptional again in little more than a decade after the return of Steve Jobs. Google developed exceptional people management practices and business results in much less than a decade. But Facebook has gone from a college dorm room idea to an undisputed social media dominance in literally less than a handful of years. The amazing talent management practices at Facebook that result in breathtaking workforce productivity levels.

Here within 15 months of its IPO, the average employee produces over \$1.3 million in revenue and \$120,000 in profit each year. The firm's global product reaches over 1.2 billion users, its stock price has been on a tear, and it has successfully shifted from an exclusively PC web-based platform to one that instead relies on the rapid growth of the mobile platform. Glassdoor has rated the firm No. 1 for employee satisfaction and its employees rate its CEO No. 1 with an almost perfect 99 percent approval rating.

Questions:

1. What is cost benefit (Talent) analysis?
2. How should organization match with employee's performance with profitability?
3. How talent development process is adopted in IT companies?

19.13 NOTES

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19.14 SUMMARY

Human Resource Planning is the business process for ensuring that an organisations has access to suitable talent to ensure future business success. Contingent plan is the part of business continuity, disaster recovery and risk management. Contingent plan is plan B which is made optional when the system fails or a buffer plan in case of emergency. Talent attraction is a challenging work of a HR department. Employee relationship is the key factor to retain and develop in the organisation.

This can be done effective by employee branding. The organisations need to prepare a robust talent pipeline and create a talent pool by designing a proper contingency talent plan.

19.15 KEY WORDS

Talent attraction, talent pool, Employee branding, contingency planning, Human Resource Planning, Outsourcing.

19.16 SELF-ASSESSMENT QUESTIONS

- 1) What are the benefits of contingency plan for talent?
- 2) What are the steps outlined for contingency planning?
- 3) How talent attraction can be done through branding
- 4) Why an organisation must build a talent pipeline
- 5) What are the recent trends in Human Resource Planning?

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UNIT-20: BUILDING TALENT LEADERSHIP COACHING

Structure:

- 20.0 Objectives
- 20.1 Introduction
- 20.2 Talent Management - Opportunities and Challenges
- 20.3 Developing Leadership Talent
- 20.4 Modify Leadership Style
- 20.5 Organizational Leadership
- 20.6 Clarifying Strategic Intent
- 20.7 Building Organisation
- 20.8 Coaching
- 20.9 Coaching is a partnership
- 20.10 Case Study
- 20.11 Notes
- 20.12 Summary
- 20.13 Key Words
- 20.14 Self-Assessment Questions
- 20.15 References

20.0 OBJECTIVES

After studying this unit, you will be able to

- To discuss the various talent leadership styles.
- To explain the process of building talent leadership.
- To define Coaching.

20.1 INTRODUCTION

Learning and talent development are undergoing a transformation in organisations today

Effective managers know how to help employees improve their performance and consistently give coaching and feedback to all employees.

Ineffective managers put off giving feedback to employees even though they instinctively know that giving and getting honest feedback is essential for growth and building successful teams and organizations.

The importance of linking leadership to talent management is a priority in the fast changing economy when the economy is shifting from the industrial labour intensive sector to a services and knowledge based economy. There is a necessity to link leadership to talent management whose local managers are in need of improving their leadership abilities and develop the talent that their organizations may in turn depend upon. It is not merely or getting trained in leadership that matters, but more importantly, the need to generate talent from effective leadership strategies.

Many factors shape the extent to which an individual becomes a leader. These include genetic predispositions, family environment, school / past experiences, work place experiences and responsibility, organizational incentives and training. “Leaders are born and made”. Leadership is defined as the relationship in which one Person (the Leader) influences others to work together willingly on a related task to attain goals devised by the leader and / or group. Thus the leadership is a key element in human resource in any organization.

20.2 TALENT MANAGEMENT - OPPORTUNITIES AND CHALLENGES

There is no dearth of professionals but there is an acute shortage of talented professionals globally. Every year b-schools globally churn out management professionals in huge numbers but how many of are actually employable remains questionable! This is true for other professions also. It faces the following opportunities and challenges:

- ◆ Recruiting talent
- ◆ Training and Developing talent
- ◆ Retaining talent
- ◆ Developing Leadership talent
- ◆ Creating talented ethical culture

20.3 DEVELOPING LEADERSHIP TALENT

Leadership in action means an ability to take out of crisis situation, extract certainty out of uncertainty, set goals and driving change to ensure that the momentum is not lost. Identifying people from within the organization who should be invested upon is a critical talent management challenge.

Leadership is a part of Management, but not all

In volatile times, the leaders who can convey the company's Vision and motivate employees are invaluable. It is better to have inbreeding (home grown) leadership than imported leadership competition should develop in house (internal) leaders through their leadership development programs.

Leaders require 3 different skills in influencing and integrating with people to attain goods viz:

1. Technical Skills
2. Human Skills
3. Conceptual Skills

20.4 MODIFY LEADERSHIP STYLE

People went to work with others who are considered as leaders – not just as heads of department or functions, but true leaders who define new parameters and encourage change. Promote the capability of the existing leadership team to develop the culture of innovation to foster the needs of talented workforce. There is need to change the leadership culture to develop good employee relationship.

Leaders must be able flex and adopt their communication and management style to meet the diverse needs of all people in the workforce (regardless of their pay roll status). If the workforce plan includes the expansion of the contingent workforce, let the people be

made aware the strategy is shared and explain the value and benefits to the organisation and customers “Insight is the first step towards inclusiveness”.

Ensure that leaders are equipped to drive positive change and deal with organisational resistance. Reward the leaders who walk the talk and authentically promote a culture that encourages and rewards innovation, experimentation and risk taking. Leaders need to invest time to understand the strengths, potential and dreams of their employees HR department need to support the leaders to promote learning and development culture that enables all people in the workforce to contribute and full fill their individual potential.

The job of leading a company has never been more demanding, and it will only get more challenging amidst the global dynamism business face today. The CEO will retain ultimate authority, but the corporation will depend increasingly on the skills of the CEO and a host of subordinate leaders to lead coordinate to force corporations to push authority down through increasingly horizontal, flattened management structures.

John Kotter, a widely recognised leadership expert, predicated this evolving role of leadership in an organisation when he distinguished between management and leadership:

Management is about coping with complexity. Its practices and procedures are largely a response to one of the most significant development of the twentieth century: the emergence of large organisations. Without good management, complex enterprises tend to become chaotic in ways that threaten their very existence. Good management brings a degree of order and consistency to key dimensions like the quality and profitability of products.

Leadership, by contrast, is about coping with change, Part of the reason it has become so important in recent years is that the business world has become more competitive and more volatile... The net result is that doing what was done yesterday, or doing it 5 percent better, is no longer a formula for success. Major changes are more and more necessary to survive and compete effectively in this new environment. More change always demands more leadership.

20.5 ORGANIZATIONAL LEADERSHIP

Then involves action on two fronts. The first is in guiding the organisation to deal with constant change. This requires CEOs who embrace change, and who do so by clarifying strategic intent, who build their organisation and shape their culture to fit with opportunities and challenges change affords. The second front is in providing the management skill to cope with the ramifications of constant change. This means identifying and supplying the organisation with operating managers prepared to provide operational leadership and vision

as never before. Thus organisation leadership is guiding and developing toward a vision over time and developing that organisations future leadership and organisational culture. The process and practice by key executives of guiding and developing that organisation’s future leadership and organisation culture.

20.6 CLARIFYING STRATEGIC INTENT

Leadership help their company embrace change by setting forth their strategic intent – a clear sense of where they want to lead the company and what results they expect to achieve. They do this by concentrating simultaneously and very clearly on two very different issues: vision and performance. Leader’s clear sense of where they want to lead their company and what results they expect to archive.

Vision

A leadership needs to communicate clearly directly a fundamental vision of what the business needs to become. Traditionally, the concept of vision has been a description of picture of what the company could be that accommodates the needs of all its stakeholders. The intensely competitive, rapidly changing global marketplace has refined this to be targeting a very narrowly defined **leader’s vision** – an articulation of a simple criterion or characterization of what the leader sees the company must become to establish and sustain global leadership. An articulation of a simple criterion or characterization of what a leader sees the company must become in order to establish and sustain global leadership.

20.7 BUILDING ORGANISATION

Leaders spend considerable time shaping and refining their organisational structure and making it function effectively to accomplish strategic intent. Because leaders are attempting to embrace change, they are often rebuilding or remaking their organisation to align it with the ever-changing environment and needs of a new strategy. And because embracing change often involves overcoming resistance to change, leaders find themselves addressing problems such as the following as they attempt to build or rebuild their organisation:

- ◆ Ensuring a common understanding about organisational priorities
- ◆ Clarifying responsibilities among managers and organisational units.
- ◆ Empowering newer managers and pushing authority lower in the organisation
- ◆ Uncovering and remedying problems in coordination and communication across the organisation and across boundaries inside and outside the organisation.

- ◆ Gaining the personal commitment to a shared vision from managers throughout the organisation.
- ◆ Keeping closely connected with what's going on inside and outside the organisation and with its customers.

Education and leadership development is the effort to familiarize future leaders with the skills important to the company and to develop exceptional leaders among the managers you employ.

Elements of good leadership –vision performance, perseverance, principals, which have just been described –are important ways leaders shape organisational culture as well.

Leaders shape organisational culture through their passion for the enterprise and the selection / development of talented managers to be future leaders.

The Leadership Needs of organisations	The Required Competencies of Business Leaders
The ability to <ul style="list-style-type: none"> • Build confidence • Build enthusiasm • Cooperate • Deliver results • Form networks • Influence others • Use information 	<ul style="list-style-type: none"> • Business literacy • Creativity • Cross-cultural effectiveness • Empathy • Flexibility • Proactivity • Problem solving • Relation building • Vision

20.8 COACHING

After the company's needs have been assessed and its objectives stated, management development programmes can be implemented. The management development programme that is frequently done to build the talent is through Coaching.

Coaching is carried out by experienced senior manager. The experienced Senior Manager identifies the hidden talent of an employee and hand holds him to develop under this method the experienced manager advices and guides the employee. The idea behind Coaching is to allow the employees to develop their own approaches and enable them to gain self-confidence. During the process of building talent - the experienced managers will also provide counselling at every stage of coaching. The Coach's expertise and experience is of a critical importance in this method. During the process of Coaching the employee gains both

theoretical and practical knowledge. Coaching is an integrated method of building talent. Conceptual clarity and knowledge is provided in the classroom. The diffusion of knowledge is done through sharing and emphasizing on the fundamental concepts. The applications of knowledge are done through practical training, continuous, Consistent practice of the application will enhance the skill level.

Coaching can be done effectively by implementing individualized. Coaching plans to optimize performance of Knowledge activities and determine their career objectives and ensure that they are retained by the firm.

Leadership Coaching – It is a Collaborative individualized relationship between a leader and the coach. The leader could well be an executive manager, supervisor, team leader or business owner for example – anyone in charge or responsible for a group of people.

20.9 COACHING IS A PARTNERSHIP

One in which both sides walk to reach on agreed destination. The aim of the partnership is to bring about sustained behaviours change and transform the quality of the leaders working and personal life. It could involve working with individuals or team is executive or management positions.

Executive Coaching

This is an experimental and individualized leader's development process that builds a leader's capability to achieve short term & long term organizational goals. It is conducted through one to one and for group interactions, driven by data from multiple perspectives and based on mutual trust and repeat the organization, an executive and the executive coach work in partnership to achieve maximum impact.

Coaching-Individually Tailored

Coaching has become available option for businesses and organizations looking to operate at Peak Performance whose training and workshops are usually general in nature when everyone learns the same set of material, coaching is individualized and specifically tailored to the person.

In most leadership coaching of situations, the real objectives are to help successful people become even more effectives, Effective Coaches go to great lengths to emphasize the unique talents and abilities of their clients as well as emphasize their potential. It's about encouraging clients to be open to change, to step up, and to be more responsible corporate leader's leadership coaching improves the bottom line.

Coaching makes individual effective and develop their intrinsic strength and helps to build the organization, and later such benefits spreads throughout the organization. In a sense, exposing senior leaders to the Coaching experience this has a flow-on-effect of precipitating a coaching cultural within the organization itself largely. Coaching has cascading effect and percolates to the bottom of the organization and enhances the performance of individual and organization.

Coaching is a professional methodology with a focus on developing leadership skills the skills needed to drive change, manage complexity build top performing teams and maintain a strong personal foundation to thrive under the most challenging conditions.

People are everything when it comes to an organisation success. Talented, committed people will make the difference “Without people there is no tomorrow. People envision the future and craft plans to realise the dreams”. People innovate, people face challenges with courage and creativity and smart people who lead with emotional intelligence will make the difference.

Coaching provides positive support, feedback and advice an individual or group basis to improve personal effectiveness in the business organisation.

BENEFITS OF COACHING

There are mutual benefits for both individual & company by coaching

- ◆ Enables breakthroughs in individual and group performance
- ◆ Increases productivity, morale and satisfaction
- ◆ Builds commitment, improves retentions
- ◆ Enhances a company reputation for valuing and developing employees
- ◆ Improves self-confidence, assertiveness and well being
- ◆ Develop a more effective leadership style and learn how to manage uploads
- ◆ Improve interpersonal or communication skills.

20.10 CASE STUDY

The leadership transition at Bangalore-based information technology and consulting company, Infosys Ltd. (Infosys). Infosys since its founding in 1981 by Narayana Murthy (Murthy) and six others, was known for leadership development and succession planning. In 2001, the company set up the Infosys Leadership Institute (ILI) to nurture and groom future leaders. Since most of the company's founders were approaching retirement, it developed a strong leadership pipeline and defined clear successors to lead the company. Ever since Murthy announced his plans to retire by August 2011, the company had been focusing on bringing in a successor to him.

In May 2011, Infosys chose banking veteran, KV Kamath (Kamath), former CEO of ICICI Bank, the largest private sector bank in India, as the non-executive chairman of Infosys. Soon after Kamath took over his position in August 2011, Kris Gopalakrishnan (Gopalakrishnan) and SD Shibulal (Shibulal) were made the executive co-chairman and CEO and managing director respectively.

Having been led by charismatic founding members as leaders for decades the company faced the challenge of smoothly transitioning to a professional leadership independent of the founders, at the same time maintaining the values the company stood for the company's strategy of bringing in an outsider met with mixed reactions. Some analysts felt that bringing in an outsider like Kamath who had proven his skills at ICICI Bank would work in favour of Infosys. Some investors, on the other hand, felt that had the company brought in outsiders for the positions of executive co-chairman and CEO and MD, the stock markets would have reacted positively. Some industry experts felt that the internal restructuring at the company had come at a time when the company was underperforming compared to its peers. Infosys, however, maintained that the company had carried out seamless transitions in the past and would continue doing so considering its depth of leadership.

Questions:

1. What was the need for bringing an external person as a leader of the prestigious organisation?
2. Analyse the leadership transition at Infosys.
3. Understand the issues and challenges while managing leadership transition at the company-discuss.

20.12 SUMMARY

Today's best leaders are simple yet, strong and go-getters – they are people whose inner intelligence and common sense guides their daily actions and enables them to trust of their subordinates, peers, top management and other stake holders. Talent is to be rightfully identified in a person and mould him to develop leadership quality. Leaders use education, principles and perseverance to build their organisation. Leaders start to shape organisational culture by the passion they bring to their role and their choice and development of young managers and future leaders. Linkage leadership to talent management is very important.

Coaching is done through visioning exercise. The individual person having leadership quality is nurtured and enabled to develop his hidden capabilities. Coaching shapes, the leader to become the most admirable person among the employees. Coaching focusses on individual leadership development. Coaching strategy differs from person to person and it is tailor-made. Any person with passion, aspiration, dedication and hard work can be transformed as a leader.

20.13 KEY WORDS

Talent leadership, leadership style, executive coaching, benefits of coaching.

20.14 SELF-ASSESSMENT QUESTIONS

- 1) What is the difference between Manager and Leader?
- 2) “Leaders are born and not made-discuss?”
- 3) What are the strategies adopted to build talent leadership?
- 4) What is the difference between coaching and training?
- 5) How coaching helps in building talent leadership?
- 6) What are the benefits of coaching?

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