

Global Organizations' Knowledge Management Strategic Initiatives

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Abstract

With the world market evolving from a regional to global based economy, knowledge management has increasingly become more difficult and expensive. Changing market dynamics, technology, organizational shifts, and the transitory nature of the workforce have added to the challenges that organizations face to retain, manage, and safeguard institutional knowledge. To be successful, organizations must recognize the importance of creating a knowledge management strategy. Creating a culture of collaborative management, which can cross internal and external barriers to develop innovative knowledge retention strategies, is critical to achieving and retaining competitive advantage. The purpose of this paper is to explore some of the foundational strategies for knowledge management and suggest additional ways to improve the effectiveness of these initiatives.

I. Introduction

With the worlds' markets becoming increasing dependant on information, there is overwhelming evidence that the success of global competitors is directly related to their ability to acquire, retain, and leverage information. In the global

environment, the ability to leverage the value inherent (Paladino, 2007) in an organization's intellectual capital is a critical success factor. To be successful, organizations must develop a knowledge management strategy that is broad based so as to recognize the many sources of information that exists in today's business environment and develop methodologies that can be effective in leveraging intellectual capital over time. Paladino (2007) asserts "knowledge management

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isn't just making the most of what you know. You also have to retain what you know institutionally in order to sustain the value inherent in your knowledge management initiatives over time" (p.32).

Perhaps the greatest challenge facing organizations, in terms of knowledge management, is ascertaining what knowledge is important and how to leverage it across the enterprise to achieve competitive advantage. Okes (2005) asserts "one way to assess an organization's performance is to determine how well it manages its critical knowledge" (p.25).

II. Overview of Knowledge Management

Knowledge management (KM), as a field of study, is constantly evolving. Technology advancements, as well as the ever increasing competitive nature of the global market, have driven tremendous change in the types of information, or even skill sets an organization must capture, to achieve competitive advantage. With geographically and culturally dispersed trading partners, high performance organizations are more reliant on

information than ever before with organizational success hinging on its ability to effectively leverage information. Beyond the ability to leverage information, knowledge management strategies also incorporate the social environment in terms of interpersonal skills in a multi-cultural environment. Albescu, Pugna, and Paraschiv (2009) said "apart from obviously needed translation of documents and advertising materials, even more important and often overlooked are the intercultural competencies needed to establish strong working relationships with subordinates, business associates and clients" (p.39).

1. Framework of Knowledge Management

The literature reflects that there is neither one standard nor a single definition for knowledge management. From a foundational perspective, knowledge management can be defined as the practices, processes, or methodologies used by organizations to manage information and relationships yet it has evolved into much more. It crosses multiple disciplines, incorporating organizational culture, national or regional culture, intellectual capi-

tal, and technology.

Human Capital: A key attribute of the knowledge management framework is human capital. Without people, the organization can not develop, retain, or leverage knowledge. McCall, Arnold, and Sutton (2008) assert "In recent years, organizations have increasingly realized that one of their most valuable assets is the knowledge that is developed internally and possessed by individuals within the organization" (p.78). As organizations become increasingly dependent on knowledge, the knowledge worker has emerged as a critical component of KM in that they contribute value (Ramlall, 2004) to the organization through their acquisition of knowledge, application of their skill sets, and life experience.

Abbasi, Belhadjali, and Hollman (2009) argue: Specifically, knowledge workers are those employees who add value to the organization because of what they know. They are engaged in complex problems solving, not bureaucratic drudgery or mechanical routine. They are imaginative and original. Their work tends to be challenging, and occurs in an uncertain environment in which results are rarely predictable or quantifiable (p.367).

Intellectual capital: Can be defined as

knowledge assets that result from the collective knowledge, experiences, or lessons learned. It can't be quantified as a hard value, in terms of dollars and cents; it can become tangible in terms of the results achieved through competitive advantage. Dalkir, Wiseman, Shulha, and McIntyre (2007), described intellectual capital as incorporates human, structural, and social capital. They further described human capital as those attributes that result from "employee skills, knowledge and experience" (p.1497), while structural capital is what remains or is "embedded" (p.1497) after the member leaves the organization. Social capital is the humanistic attributes of the organization related to how members interact with each other.

Organizational culture: The culture of the organization directly impacts its ability to acquire and leverage knowledge. In its most basic form, the culture of an organization (Dessler, 1998) identifies its basic values, norms, and beliefs. Hofstede (1980) said "I define culture as the collective mental programming of the people in an environment. Culture is not a characteristic of individuals; it encompasses a number of people who were conditioned by the same education and life experience." (p.43). Knowledge ma-

nagement strategies rely on a collaborative culture that creates a learning organization environment; leveraging the collective intellectual capital of all its members (Dalkir, Wiseman, Shulha, and McIntyre, 2007) is the key to success. McCall, Arnold, and Sutton (2008) observe “Knowledge management enables organizations to leverage the collective knowledge among members of the organization and sustain competitive advantage” (p.80).

Establishing a culture supportive of knowledge management strategies in a domestic organization is a challenge, making it supportive across a global enterprise adds additional layers of complexity in part due to the many sub-cultures that emerge. Creating a global mindset becomes a critical success factor. Gupta and Govindarajan (2002) stated “in thinking about how to achieve a global mindset, it is critical to remember that the key word is cultivation and that the quest for a global mindset is a ceaseless journey” (p.120).

Technology: Technology as emerged as an enabler of knowledge management strategies. McCall, Arnold, and Sutton (2008) assert “A key component of knowledge management is to provide access to stor-

ed knowledge components to improve decision making and to facilitate knowledge acquisition by the user” (p.80). Information technology (IT) has emerged as the communications pipeline through which it is propagated, leveraged, or obtained in the global environment.

III. Barriers to Effective Knowledge Management

Knowledge management in the global enterprise is impacted by a wide range of challenges. Recognizing that knowledge is perishable (Young, 2006), organizations must develop strategies to identify what information is important and how to effectively manage it. Complicating the issue for global organizations is the challenges of doing business in a multi-national environment where national culture and local market conditions adds a level of complexity.

1. Knowledge Flow

Knowledge flow is the theoretical process that enables the orderly dissemination of information through an organization. To effectively propagate informa-

tion throughout the enterprise requires a strategy that focuses on cultural, managerial, and organizational alignment. De Long and Davenport (2003) assert "the heart of any knowledge-retention strategy is its knowledge-sharing practices" (p.53). Serenko, Bontis, and Hardie (2007) observed that effective knowledge flow in an organization is directly related to the size of the organization or workgroup. They theorize that when organizations expand to over 150 employees, they reach a breaking point in terms of their ability to have effective internal knowledge flows and sharing. They further assert "the challenge for knowledge managers, then, is not only to recognize the intellectual capital assets of individual employees, but also to nurture and sustain an environment in which employees are willing to transfer their personal assets to the organization" (p.616).

2. Organizational Culture

Organizational culture has a direct impact on how an organization learns, acts, and achieves competitive advantage (Desler, 1998; Robbins, 2003; Thompson, Strickland, and Gamble, 2005). It can

present significant barriers to knowledge management initiatives as the result of disparate beliefs, values, or collective understandings. Thompson, Strickland, and Gamble (2005) observed that "Values, beliefs, and practices within a company sometimes vary significantly by department, geographic location, division, or business unit" (p.372). Further complicating the issue are complexities which result from the many sub-cultures that form in an organization. From a global perspective, multi-national companies face additional barriers that result from national or geographical cultural differences. Hofstede (1980) described culture, from a more global perspective.

When we speak of the culture of a group, a tribe, a geographical region, a national minority, or a nation, culture refers to the collective mental programming that these people have in common; the programming that is different from that of other groups, tribes, regions, minorities, or majorities, or nations. (p.43) Global cultures become a barrier to effective knowledge management when the orderly flow of information is in conflict with local or regional beliefs, values, or collective understandings.

3. Human Resource Management

Applicable literature clearly identifies that knowledge management and human resource management (HRM) are closely interrelated. Organizational performance has been shown to be impacted by an organizations ability to manage knowledge acquisition and retention as a direct result of their HRM policies and practices. Simply put, it is the human resource component, in partnership with a strong knowledge management program, which is one of the drivers of knowledge acquisition and retention.

4. Employee Turn-over

Employee turn-over impacts the organizations ability to manage intellectual capital due in part to the lack of effective knowledge transfer. Voluntary and involuntary turn over as a direct result of retirements, transfers, and members leaving the organization to go to another employer all result in loss of knowledge (De Long and Davenport, 2003). Thilmany (2008) said “Knowledge retention strategies can keep employees’ workplace-acquired wisdom from walking out the door when they retire” (p.100).

5. Aging Work Force

The aging workforce impacts organizations on a global basis. With the planned retirement of the baby boomer generation, a great deal of knowledge will be lost as older workers exit the workforce. According to McGee (2006) “within the next four years, nearly a third of U.S. workers-including tens of thousands of tech pros-will be over 50, leaving a potential gap of technology and industrial skills” (p.77). McGee also suggests that older workers will not retire as quickly as originally envisioned, electing to stay working longer due to personal financial losses in the global economy meltdown. De Long and Davenport (2003) assert “Changing workforce demographics, marked by an aging labor force, more competitive recruiting, and faster turnover among younger employees, are creating unprecedented knowledge-retention problems in many industries, threatening to reduce the capacity for innovation, growth, and operational efficiency” (p.51).

6. Globally Knowledgeable Managers

Organizations must have globally com-

petent managers to fully grasp the constraints to knowledge management in multi-national companies. The inability of managers in multi-national organizations to fully understand the culture and local market conditions in foreign countries will continue to result in missed opportunities. Albescu, Pugna, and Paraschiv (2009) assert "Apart from obviously needed translation of documents and advertising materials, even more important and often overlooked are the intercultural competencies needed to establish strong working relationships with subordinates, business associates and clients" (p.39). It is through relationship building that knowledge based assets can be made to propagate through the organization.

According to Gabberty and Thomas (2007): Besides everyday issues pervading all aspects of operations, the internationalization the MNCs undergo to expand their global reach often stymies home country managers who may be thoroughly familiar with competitive responses needed to compete in their local markets but who remain uninformed about foreign cultures and consumer market preferences in host countries (p.108).

IV. Strategies for Improving Knowledge Management

To improve knowledge management in the global environment, multi-national organizations must develop a comprehensive strategy that effectively looks at all aspects of their organization. The ability to capture and codify knowledge (Grossman, 2007) has to be made a top priority for organizations, starting with identifying information that is critical to individual business units. Furthermore, strategies must include methodologies to effectively disseminate knowledge throughout the organization to facilitate a global competitive advantage.

1. Developing a Knowledge Management Strategy

A comprehensive knowledge management program can be undertaken using a top-down or bottom-up approach. Both methods have advantages and disadvantages thus a hybrid of both strategies can maximize results. Starting with a comprehensive risk assessment, the goal is to identify, classify, and quantify critical at-

tributes of the organizational environment. As every organization is unique, the risk assessment (Paladino, 2007) should be customized for each organization/business unit, taking into account the perceived importance of the information, its sensitivity, the risk of losing it (De Long and Davenport, 2003), and the direct and indirect costs if the knowledge is lost. The assessment takes place in multiple levels of the organization, as members of each business unit will have different perceptions in terms of the importance and priority of knowledge retention. In terms of prioritizing action items, Young (2006) suggested that the executive team should be focused on; (1) identifying critical knowledge areas, (2) relative importance of information in terms of shelf life, (3) identify irreplaceable information and (4) risks associated with losing tacit knowledge through workforce attrition.

2. Technology Initiatives

Technology is often thought of as being the core component of knowledge management initiatives. The reality is (McCall, Arnold, and Sutton, 2008) technology is in a supporting role as an enabler

of knowledge management strategy. Knowledge management strategies need to be designed around the business need as opposed to the strategy being designed around the technology. From a global perspective, the use of information technology provides a conduit for information that would otherwise be unattainable thus providing information that can be used to build competitive advantage. A good example of the benefit of leveraging internet technology is in developing marketing strategies in terms of how a particular product should be designed. Thompson, Strickland, and Gamble (2005) assert “using Internet technology applications, companies can collect ideas for new and improved products from customers and sales and marketing personnel all over the world, permitting informed decisions about what can be standardized and what should be customized” (p.188).

V. Supportive Organizational Culture

A critical success factor in forming a knowledge management strategy (KMS) is creating a supportive organizational culture. The KMS must become an in-

tegral part of the culture and be supported at all levels of the organization starting with the executive team. Without buy in, across the enterprise, the ability to leverage knowledge to achieve competitive advantage is virtually impossible.

An effective strategy is to nurture an organizational culture that is supportive of a learning environment. It is a collaborative environment which encourages sharing of knowledge down to the individual level. According to Senge (1994) "Organizations learn only through individuals who learn. Individual learning does not guarantee organizational learning. But without it, no organizational learning occurs" (p.139).

1. Developing a Global Mindset

To effectively leverage knowledge in the global economy, organizations must strive to develop a global mindset that seeks to understand diversity in the global market through exploration of internal and external opportunities.

Gupta and Govindarajan (2002) said: Companies can cultivate exposure to and increase knowledge of diverse cultures and markets in two ways: (1) facilitate

such knowledge building at the level of individuals, and (2) build diversity in the composition of the people making up the company (p.121).

From a strategic perspective, organizations can develop a global mindset by expanding exposure in terms of deeper penetration into foreign markets and cultures. This would serve as a road map in terms of understanding, interpreting, and leveraging individual market knowledge. It also serves as a conduit for increased intra-organizational communications by providing a path for member organizations to explore the depth and breadth of knowledge that exists in other member organizations.

2. Succession Management

Succession management is another key component of the knowledge management strategy. It is through a carefully designed and executed succession management strategy that organizations are able to ensure that there is a clearly defined progression of critical personnel through the organization, thus preserving the culture, disseminating core knowledge and insuring a higher level of shared knowledge. Ramlall (2004) asserts "The

concept of human capital and knowledge management is that people possess skills, experience, and knowledge, and therefore have economic value to organizations” (p.53). Knowledge is lost through the lack of knowledge transfer or sharing (De Long and Davenport, 2003; Serenko, Bontis, and Hardie, 2007) which can be accelerated by the lack of succession management.

Developing a comprehensive succession management strategy will help ensure that the culture and historical knowledge of the organization survives. Mentoring and coaching can be effective techniques to support succession management; Teaming less experienced staff, with more experienced individuals, provides an opportunity to transfer tacit knowledge that would otherwise be lost. It also provides yet another conduit for dissemination of information across the enterprise.

3. Leverage the Aging Workforce

Loss of long term employees, through retirement or normal attrition, has a tremendous impact on an organizations’ ability to capture and retain knowledge. The depth of knowledge these long term employees possess typically makes them

the subject matter experts in terms of organizational knowledge. De Long and Davenport (2003) observed “Changing workforce demographics, marked by an aging labor force, more competitive recruiting, and faster turnover among younger employees, are creating unprecedented knowledge-retention problems in many industries, threatening to reduce the capacity for innovation, growth, and operational efficiency” (p.51).

An effective strategy to leverage the value of these employees would be to implement a phased retirement system whereas employees have the option of retiring and coming back on a part time basis. This preserves the knowledge base and provides a valuable financial option for 163 older workers. Leveraging succession management strategies can help communicate tacit knowledge.

4. Stakeholder Interviews

Stakeholder interviews can be beneficial as it is through the discovery process that unanticipated knowledge can be recovered. Utilizing various interviewing techniques, including individual and focus groups, surveys, and skill inventories can yield valuable information in terms

of the environment and processes. Skill inventories (Bohlander and Snell, 2004) can be particularly revealing in that they can be extremely effective in capturing tacit knowledge, in terms of operational and real world experiences from the individual employees. Bohlander and Snell observed "Skill inventories can also be prepared that list each employee's education, past work experience, vocational interests, specific abilities and skills, compensation history, and job tenure" (p.141). Expanding on these basic building blocks creates value in that a clear picture of the operational side of the organization rapidly emerges.

VI. Recommendations

A review of the literature reveals that there are literally hundreds of strategies or techniques that maybe effective in developing and implementing a knowledge retention strategy. Each has its own strengths and weakness yet strategies, by definition, are very situational thus a "one size fits all" approach will not be effective. The following recommendations are presented in random order, which does

not indicate any particular priority or preference.

1. Recommendation 1: Perform a Comprehensive Risk Assessment

Foundational to any knowledge management initiative is actually identifying what knowledge an organization seeks to capture. Organizational knowledge is as unique as a fingerprint; no two organizations need, possess, or desire the same knowledge. It is through application of this unique information that organizations achieve competitive advantage. Performing a critical risk assessment, beginning with the smallest team, operating group, division etc. will help ensure that all relevant information is captured. At a minimum, each assessment (De Long and Davenport, 2003) should return: (1) what is the specific knowledge that is deemed important?, (2) what is its level of importance?, (3) how sensitive is it; what are the impacts if revealed to the competition?, (4) what are the impacts of losing it in terms of direct and indirect costs? Utilizing the compiled results of the comprehensive risk assessment can be used as a foundation to ascertain what

is truly important to the organization and what is not.

2. Recommendation 2: Leverage the Aging Workforce

The aging workforce represents a significant risk to organizations though loss of tacit and explicit knowledge. Recognizing the value that older knowledge workers can contribute is both socially and economy critical. Several strategies can be implemented that can be of tremendous value to older workers as well as organizations.

Phased retirements: Creating a program that encourages phased retirements, as opposed to exiting the organization, can be a win-win situation. In today's uncertain economic conditions, older workers are ready to start enjoying the fruits of their many years in the workplace but may not necessarily be in a financial position to completely retire in the traditional manner. By encouraging these knowledge workers to come back on a part time basis provides the needed continuity in the workforce and provides both time and opportunity to perform a knowledge transfer to the upcoming ge-

neration.

Create mentoring programs: Creating mentoring programs can be an effective method of knowledge transfer. Utilized as part of a comprehensive knowledge management strategy it has a value-added benefit of providing valuable training and experience to the mentee while also providing a methodology for capturing tacit knowledge in an operational environment.

3. Recommendation 3: Develop Globally Knowledgeable Managers

To be effective, managers in global organizations must expand their knowledge and competencies beyond domestic borders. They must strive to develop a global mindset by seeking out opportunities for exposure to increasingly diverse markets. A value added benefit for the multi-national organization is better inter-organizational flow of information which can expand the depth and breadth of organizational knowledge. Organizations should develop mentoring programs that expose individuals to different cultures and regions through a formalized process.

4. Recommendation 4: Create a Supportive Organizational Culture

A critical element of a knowledge management strategy is making it integral to the culture of the organization. Recognizing that a multinational organization can have many cultures (Thompson, Strickland, and Gamble, 2005), it is imperative that buy in be achieved at all levels as a positive culture can inspire while a negative culture can be counter-productive. Once established some of the techniques to sustain it include the following.

Executive staff buy-in: An executive team that promotes the knowledge management strategy implants it into the culture. Robbins (2003) asserts that leaders must lead by example thus they establish the norms or organizational beliefs.

Socialization: Socialization is a process whereas new and existing employees are indoctrinated into the organization and learn its culture. In terms of new employees, it occurs at the time of hire as opposed to existing employees experiencing it through a rebranding effort.

Training: Continuous ongoing training

serves to reinforce the organizations basic beliefs and understandings. It can be used to expose knowledge workers in all parts of the organization to the uniqueness of foreign business units.

5. Recommendation 5: Create a Succession Management Program

Succession management is a key component of knowledge management strategies. It is integral to ensuring that critical knowledge is propagated through the organization thus preserving the history, culture, core knowledge, skills, and experiences of its contributors. Succession management occurs at all levels of the organizations, thus organizations should consider establishing a formal program led by a Chief Knowledge Officer. Developing various levels of the program would ensure that an orderly succession path is available for those that choose to put forth the effort to advance in the organization. One example of an effective structure would incorporate multiple tracks that focus on supervisory, management and executive levels of development.

VII. Conclusions

The emergence of the global market has forever changed the way organizations compete for market share. Regional markets are rapidly evolving into global markets where organizations once comfortable in competing in a smaller geographical area are now finding increased competition and shrinking margins. To gain competitive advantage in a market that is increasingly becoming information driven, organizations must enact a knowledge management strategy that is transparent across the enterprise.

The key to effective knowledge management is in leveraging the organizations' collective knowledge. The foundation of an organizations' collective knowledge is in its people as knowledge is created through the individual's skills, experiences, and collective understandings.

Organizations must develop strategies that can identify, classify, and quantify critical attributes of each organization or business unit within the enterprise, on a continuous and on-going basis. Focusing on the intrinsic value of its human re-

sources will ensure that information flows across the enterprise. Recognizing the uniqueness of each market, nation, and political border; an effective strategy will be flexible and adaptive to new and emerging opportunities.

Simply being competitive is only part of the equation, developing a global mindset that can sustain the competitive position is the other. In the global economy, knowledge management takes on additional challenges as culture and local market conditions in foreign countries add complexities in respect to intercultural barriers. Developing a global mindset is a critical component of the knowledge management strategy in that understanding foreign markets and cultures is foundational to understanding the criticality of seemingly disparate information.

Finally, investing in the development of knowledge workers through a succession management program will provide a conduit for more effective knowledge transfer while also ensuring that knowledge lives on. It also provides a value added benefit of leveraging the knowledge of older workers.

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