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KNOWLEDGE MANAGEMENT IN BUSINESS ORGANIZATIONS THEORETICAL STUDY

Abstract: Knowledge management(KM) is the steps of capturing, developing, sharing, and effectively using knowledge of the organisation. It indicates to a variety disciplinary perspective to attain organisational aims by making the best use of knowledge management. This study aims to debate and clarify the main issues encountered in the managing knowledge. So as to achieve this purpose, we provide a comprehensive framework for manage the knowledge and analysed the concept of knowledge management. This study includes the discussion of some aspects of the management of knowledge that is useful for some purpose and which creates value to the organisation. This study, we will discuss several subjects, such as the areas of management to the knowledge, knowledge management operations, sources of knowledge classification and constraints of knowledge In management application.

Key words: business organizations, knowledge management

1. Introduction

Different kinds of contemporary organizations face rapid and radical transformations and modifies which famous all over the world, particularly the informational and the technological revolution.

This revolution adopts advanced scientific knowledge and the ideal for using information flowing from the huge progress in computer technologies and the global network (the Internet). As a result of these transformations, knowledge begins to represent the better important strategic resource. It has become a better robust and effective factor in controlling the failure or success of organizations.

Knowledge consists of the old and new fields that stretch back thousands of years across the history. It has received considerable interesting from the Eastern and Western philosophers. In the area of knowledge, the focus is never on knowledge itself, but also on the causes of knowledge.

2. Definition of knowledge management

for deal with this modern concept of management of knowledge in a broader context, it would be suitable to define this term. Generally speaking, the content management of knowledge is concentrated on the use of knowledge, which has become the new productive economic resource. For its application, it is essential to choose appropriate forms of communication, involvement and sharing.

In simple terms, it is an efficiency internal connection of those who know with those who need to know. There are many other definitions, which are connected to this term. These for example content : It can put this defined as a systematic and meant creation, actualization and utilization of knowledge management to increase the effectiveness of organisational procedures.

Management of knowledge can be imagine from multi approaches, namely: Conceptual, Processing, Technological Organizational, Management and Implementation perspective. Knowledge-intensive work is

usually based both on formal and informal team communication and cooperation.’ (Slavek, 2011). Management of Knowledge of is about the acquire , creating , sharing and using knowledge. It involves implicit and explicit knowledge.

It is not a brief summary of what is known at a certain moment, but it represents developing body of knowledge maintained in the current form of people who use it regularly (Collison and Parcel, 2005). ‘Knowledge can be showed as value asset of strategic with perception for impact organisational future advantages .knowledge management is defined here as the management correction concerned with the systematic gaining , disseminate and responsive of knowledge in organisations, objectively to improve aorganisation’s performance.’ (Hu, 2010).

For knowledge management, it is also possible for definition using in which it is produced as an art create value from intangible assets. The processes, in which these values are created, have influence on the cycle of knowledge in the company. Knowledge management aims to build new and powerful competitive advantages. It works with each type of mental resources.

It can be also imagined as a combination of human and social capital. Knowledge management is also seen as a set of knowledge components that ensure effective a knowledge management process with their synergy and effective action. The following figure (figure 1) shows the interaction of these components: technology, processes and people and their percentage of importance in the management of knowledge system.

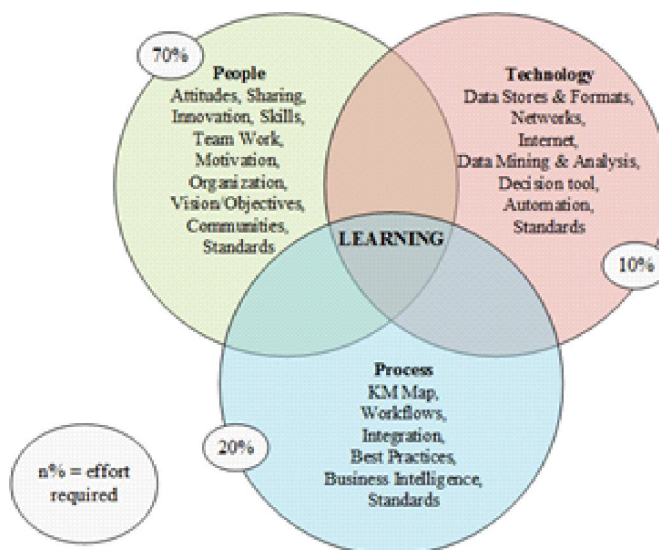


Figure1. Interaction between components (People, Technology, Process)
(Source: Svatošová, 2012)

The conclusions of various surveys have shown that although this is a very perspective area, there are still substantial reserves. These include lack of preparation of the technical infrastructure for handling knowledge, overload of useless knowledge, employees’ unwillingness to share a knowledge or disagreement about the benefits of a knowledge management in leading of organisations. Another important problem is in finding efficiency of the implementation of a knowledge management (Marešová, 2010).

3. Concept of knowledge management

Knowledge management is one of the latest management concepts and the related literature has been developed in quality and quantity. The past years have witnessed an increasing interest in business sector to adopt the concept of a knowledge management. Knowledge management is a process that helping organisations to generate, gain, select, organise, use and spread knowledge, as well as convert the important experiences and information owned by an organisation which are considered essential for different administrative activities, such as decision-making, problem-solving, learning and strategic planning.

The study of (Hansen et al, 1990) states that the attention to the issue of a knowledge management was the result of several factors: first, the rapid developments in knowledge techniques, which made the knowledge exchange process (e.g. information and data) clearer, faster and easier in connecting individuals in the electronic networks, helping them exchange information and experiences. Second, the organizations are seeking to become learning organizations in which managers are aiming to create special organizational culture to maintain finding, exchanging and providing knowledge at appropriate time and place. Since then, the term ‘knowledge management’ has appeared to represent a radical shift in the nature of work of modern organizations in terms of interest in the productive and lasting human element with focus on modern technology systems and tools and on the customer as main concern. It has been discovered that the best results can only be obtained through people who work together and interact continuously to choose the best actions and applications.

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The work of (Henderson and Harris, 1999) shows that knowledge is one of the key elements in an integrated series that begins with the signals and ranges to data, information, knowledge and then to wisdom (the latter is very effective for innovation). The effective, solid and sufficient knowledge is the essence of the wisdom, creativity and innovation. The following figure (figure 2) shows the relationships between data, information and knowledge.

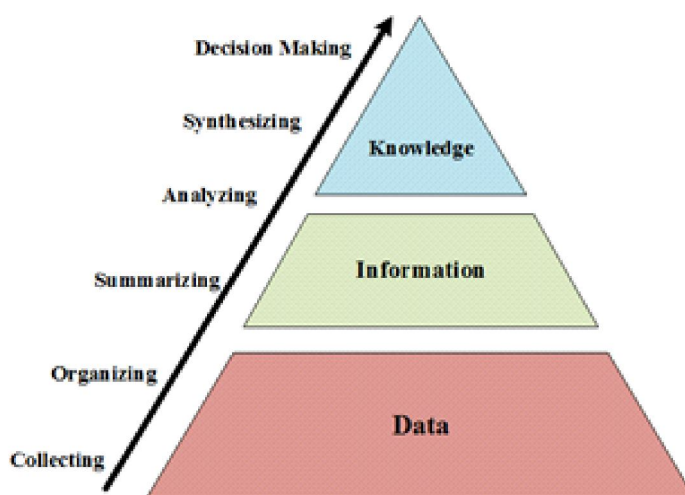


Figure 2. Relationship between Data, Information and Knowledge
(Source: Fink, 2005)

management of Knowledge is defined as an integrated systematic entrance to manage and activate the participation in all information assets, including databases, documents, policies, procedures, in addition to the previous experiences of personnel (Hackett, 2003).

It is difficult to determine one standard definition of the concept of knowledge management, but there are two directions of activities and efforts that concern the concept of a knowledge management. The two directions are the following (Sveiby and Lloyd, 2001):

The first direction is the direction of information in which a knowledge management that is the same as information management; the followers of this direction consider knowledge as information that has been processed by information systems.

The second direction: is the direction of people; according to this direction, the knowledge expresses operations that reflect groups of dynamic, complex and changing skills.

4. Importance of managing knowledge

According to (Bielawski and Metcalf, 2003) the importance of knowledge management is focused on the following:

- The form of relationships between people who contact each other for help.
- Develop and enrich the career or vocational enthusiasm and commitment.
- Increase the capacity of a problem- solving and development.
- Avoid repetition.
- Develop organizational memory.

Improve the capacity of an organization to face difficulties and maintain its survival. The study of (Wick, 2000) states that knowledge management is not just an initiative or a project, but it is a comprehensive concept for all sections of the organization that focus on the value of a knowledge as it results from knowledge management that results from the actual activity.

5. The areas of knowledge management

The work of (Leontiades, 2001) states that whatever the entrance used by the organization in order to employ a knowledge management, it is important to realise that to do so is not about a specific the part of the of the organisation, but about each and all its parts. The employment of a knowledge management adds a value to the organisation.

Thus, knowledge management requires the presence of an effective coordination between various assets and activities within the organisation. The research of (Wiig, 1994) states that there are four main areas that must be managed together. These areas are overlapping and affect each other:

- A -Knowledge assets – this area includes experience, efficiency, skills, capabilities.
- Knowledge activities – this area includes generation, construction, transport, control, use, evaluation.
- Capacity-orientation – this area includes the capabilities of the individuals and their interests and abilities in building knowledge and use it in order to achieve the highest level of the organization's interests.
- Organisation – this area includes the objectives, direction, strategy, practices and cultures of the organisation.

6. Knowledge management operations

The role played by management of knowledge through its operations to achieve fruitful results can be done through solid work and enhanced productivity, in addition to creating value for stakeholders through of the process of acquisition, storage the use of knowledge. management of Knowledge aims at obtaining the overall benefits from expertise, knowledge and skills of the employees. Technology enables knowledge to be available to everyone in every time and place.

The researchers concluded that there is a set of core processes for a knowledge management, consisting of (Survary, 2005):

- Build and generate knowledge – it includes all activities through which the organisation seeks to gather knowledge from multiple sources, such as those containing explicit or tacit knowledge.
- Store and organise knowledge – these are the processes that include retention, maintenance, support, organising, searching and access knowledge. In addition, it includes facilitating the retrieval methods because it is considered as the systematic memory of the organiSation.
- Transfer and share knowledge – it is the process sharing knowledge among the members of the institution, which implies that knowledge is distributed through training and dialogue, while the direct knowledge can be published and learnt.

– Apply knowledge - it is the aim of a knowledge management and represents the use of this knowledge at the appropriate time and the investment of opportunities present in the organisation. Thus, it must be employed in solving the problems faced by the organisation. This application must be aimed at achieving the objectivs of the institution.

Knowledge management is seen primarily as a process that consists of several steps to optimize its use in the enterprise. The basic steps are:

- Stimulating growth and acquisition of knowledge – create the necessary incentives for all the interested employees in acquiring new knowledge.
- Selecting and accumulating important information – information must be carefully selected depending on industry and company.
- Classification and sorting of the information – data can be classified by importance and sorted for further use.
- Retention of knowledge – for the data it is necessary to ensure appropriate media and means for their preservation to use.
- Transforming and ensuring the availability of knowledge and data – appropriate and fast access should be provided to all members who need these data in the company.
- Using knowledge in decision-making process and management – it is important to use all resources of information for effective business management in a period of rapid development and change.
- Using knowledge in all production processes – knowledge is useful across the organization to increase the productivity.
- Using knowledge in business processes and marketing – it is no longer a fundamental issue only to manufacture products, but also to ensure their sales; therefore, all available knowledge should be used in the fields of marketing and sales.
- Protecting knowledge and data – data and knowledge have gained further importance in regards to price; thus, there is a growing need to protect them against theft and misuse.

The basic functions of knowledge management solutions include:

- Sharing, organizing and creating an automated system for storing data and knowledge.
- Categorization and classification of corporate know-how.
- Well-organized access to information.
- Facilitation of information retrieval using sophisticated tools.
- Building capacity for information and data storage.
- Saving time in searching of information.
- Sharing knowledge and experience of all company employees or department.
- Centralization of know-how.
- Reducing costs for information systems.
- Building reports and information outputs.
- Taking the reduction of business risk.

7. Sources of knowledge

Nowadays, the sources of knowledge are various and cannot be restricted. Some of these sources are (Badaraco, 1991):

The individuality of employees: employees in any field are considered as the source of knowledge; not all employees are active in the productive work, which only includes the employees who have knowledge and experience in performing the tasks that require creative work.

Work teams: they represent a group of employees within a particular area, or from different areas and are characterized by creative capabilities; their purpose is to work together to create new knowledge in their field.

Research and studies: they are an important source of the knowledge production, such as marketing and product development, which will be instrumental in the development of activities of organizations. These sources can be internal sources of knowledge or external sources, represented by the relationship between large companies and small ones, or between large companies. These relations lead to learning numerous skills and the experience.

8. Properties of knowledge

The effective and successful a knowledge management requires a clear and deep understanding of the nature and the characteristics of knowledge. In fact, knowledge has a set of properties or characteristics

that directly affect the management style as well as they affect directly the chances of success of any program for knowledge management adopted by the organization. these characteristics, according to the work of (Kluge and Other, 2002) are:

❖ **Subjectivity**

Knowledge is the product of human interaction with information. Thus, it is affected deeply by the personal background and the context in which information is used. Hence, understanding and interpreting knowledge will undergo certainly personal effects and therefore can generate / create new a knowledge which has been understood differently by another. Also, it may vary from one context to another according to different intellectual or psychological effects.

❖ **Transferability**

This property is visible in that a person, during work, for example, may try out a certain way in the implementation of a task. If they succeed in that, they automatically think of the possibility of transferring this knowledge to another task. In the same manner, organizations do the same thing when trying to generalizing the successful experiences and transferring the constructive knowledge among its sites, branches, divisions, etc.

❖ **Embedding**

Knowledge is generated in the human mind and not on the paper or anywhere else, especially those who are precise and sensitive. Also, it is not easy to see or follow-up knowledge. The process of a knowledge ends as a cognitive result which is stored in the mind. Knowledge may be shown totally or partially in a certain period of time. The understanding of this property is important to the success of a knowledge management programs and to determine the most suitable possible methods to extract from this implicit knowledge.

❖ **Self-reinforcement**

Knowledge is distinct in that it cannot be decreased when it is shared with others. It will remain constant when it adds or shared with others. It is expected that the participation of knowledge will add new a value to know each other.

❖ **Perishability**

The importance and the avalue of a knowledge is not constant over time. It is subject to change or disappearance with the passage of time, particularly in the field of businesses that operate and compete in an open environment, or in the field of new technologies and inventions that can reduce the avalue of what is owned or what the organisation achieves.

❖ **Spontaneity**

It is extremely difficult to program generation of new knowledge, as no one can predict exactly when it will be the produced and what that produced knowledge is, because knowledge is instantaneous. This feature means that a knowledge is random, but it does not mean the inability of a knowledge management. This property requires creating the appropriate climate for generating a knowledge taking into account the fact that any piece of information can be generated without being certain of the timing, the exact extent of its usefulness and its kind.

❖ **Renewal or continuity**

Knowledge accumulates and connects creativity to new knowledge. To generated data for a new knowledge, interaction with existing data is necessary, thus giving its continuity and renewal property.

❖ **Classification of knowledge**

Knowledge is classified into two categories, (Nanoka and Takeuchi, 1995) as follows:

Explicit knowledge: knowledge available to others, which is easily accessible, can be expressed, transferred, presented in painting, writing, speaking and allows technology to convert it and circulate it.

Tacit knowledge: it resides in the minds and behaviours of individuals. It refers to the intuition and internal sense. It is hidden knowledge, based on the experience and is difficult to be converted by technology. But it is transmitted through social interaction. However, writers state four types of transferring knowledge between the two above operations, and these operations include:

- The process of converting tacit knowledge to the another tacit knowledge appears when sharing tacit knowledge with others in a face to face interaction.

- The process of converting explicit knowledge to the another explicit knowledge when the individual blends parts of the explicit knowledge to produce through individual skill and the experience new knowledge.

- The process of converting tacit knowledge to the explicit knowledge. This is a basic operation in the process of expanding the organizational knowledge base through encoding or recording the experiences, then storing them to be reused and shared with others.

- The process of converting explicit knowledge to the tacit knowledge when the staff begins to normalize explicit knowledge and then share and use it to expand or re-examine the implicit knowledge.

The research of (Edvinsson (1997)) confirms that a knowledge represents the application of experiences, the technical relations between the individuals and all technical skills form the intellectual capital of the institution. Knowledge becomes then as a resource for the organisation which has to make use of it. This concept reflects that a knowledge represents the power to take action or work.

10. The constraints of a knowledge management application

constraints of a knowledge management is a concept where the effect of constraints in limiting an organisation performance is emphasised. The constraint can be an organisation capacity, the market, the constraint of time or any system (Goldratt, 1992).

The application of a knowledge is the aim of a knowledge management and it means knowledge investment, acquiring, storing and sharing. It is very important to convert this into implementation. Knowledge which is not reflected in an implementation is considered as cost loss. The success of any organisation in knowledge management program will depend on the size of implemented knowledge. The gap between what an individual knows and what is used by the organisation is one of the important evaluation criteria in this area. There are various obstacles that disrupt the implementation of a knowledge management effectively: the control culture that inhibit the sharing of knowledge, lack of support from senior leadership to knowledge management, perception is sufficient for the concept of knowledge management, content and the role of knowledge and its benefits management, lack of integration between the associated organization's activities knowledge management and the promotion of organizational learning, the lack of related knowledge management training and sufficient time to learn how to use and implement knowledge management system, and a lack of understanding of knowledge management initiative correctly due to ineffective communication and inefficient (Coakes, 2003).

11. Conclusions

Knowledge management represents a set of activities aimed to organize information. So to achieve effective knowledge management in any organisation, knowledge must be classified to determine the knowledge gap and afterwards improve its use. Knowledge development represents creating new knowledge and then converting it to the explicit knowledge which can be embodied, traded and used.

Knowledge management is one of the latest management concepts and the related literature has evolved in quality and quantity.

The success of any organization in a knowledge management program depends on the size of the implemented a knowledge compared to that of what is available to their knowledge.

Knowledge management is a process that helping organizations generate and access, select, organize, use and distribute a knowledge.

knowledge management represents the transfer of the important information and expertise of the organizations, necessary for various administrative activities such as production, problem solving, learning and strategic planning.

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