

On knowledge management

Knowledge as a factor of production has long been recognized as a predominant characteristic of highly developed societies making the transition from industrialized societies to knowledge societies. Replacing capital and labour as main economic resources, knowledge has not only become the central resource of success but also a key source of competitive advantage for firms.

So far for the theory. In practice we see that although knowledge is recognized as a key resource the concepts of capturing it in a corporation remain fuzzy. In some cases firms revert to sheer data capturing (buzz word: big data) without contextualization. In other cases knowledge holders (aka as experts) of the firm are not managed properly as they are either left to work autonomously with the highest degree of freedom or they are forced to share their knowledge in a communist-like fashion, where knowledge belongs to all, or to be more precise, to the firm.

In the first case the knowledge will remain with the knowledge holder until he leaves the firm which is ultimately at loss. In the latter case, certain elements of basic knowledge may be shared. However, the knowledge holder will be unwilling to cooperate as sharing the scarce resource knowledge will diminish his own value.

Solving this problem not only requires recognition of the importance of knowledge but it also mandates a knowledge management instrument that creates incentives for knowledge-sharing. If firms continue to treat all knowledge generated as proprietary to the firm, the individual knowledge holder will hesitate to share his expertise. This will leave the firm at a loss as knowledge is far more than data or information. It derives from experience and is path dependent. This knowledge, which is also referred to in literature as tacit or implicit knowledge, is the most valuable form of knowledge.

If managed properly it can be a resource that will appreciate when being shared and that can define the long-term success of the firm. However, the problem that knowledge holders need to retain their valuable position and at the same time remain loyal to the firm needs to be addressed.

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