Institutionalising Organisational Effectiveness Through Knowledge Management

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I. INTRODUCTION

The ability to create new organizational forms and processes is crucial to remain competitive in an increasingly turbulent and fast changing world. With dynamism being the most predictable feature of 21st century the relevance, it is imperative for management not only to survive the effects of change but also to make the most out of it. Organizations fail to leverage on large investments they make, because they fail to grasp the basic truth - continuous improvement, which requires commitment to learning. Many innovative companies have long appreciated the value for knowledge to enhance their products and customer services.In the absence of knowledge, they simply repeat old practices, changes remain cosmetic and improvements are short lived.

New millennium will witness the ever growing changes due to spread of knowledge which has the power to lead to major changes in approaches and processes in most spheres that concern the issues related to business and economy. The consequence will be emergence of "knowledge banks" and every organization would be necessarily forced to have a department for genesis, administration, planning innovation and productivity of knowledge. Chief Knowledge officer (CKO) would be introduced into these new hierarchical structures of the organisations, which will lead to increase in efficiency of theses organisations.

Knowledge has become the key strategic asset for the 21st Century and for every organization, that values knowledge it must invest in developing the best strategy for identifying, developing and applying the knowledge assets it needs to succeed.

Every organization needs to invest in creating and implementing the best knowledge networks, processes, methods, tools and technologies. This will enable them to learn, create new knowledge, and apply the best knowledge much faster.Every individual who wishes to successfully participate in the rapidly growing global knowledge economy must now consider the development of their personal knowledge management competencies as an 'essential life skill' for the 21st Century.It has been said many times, 'knowledge will radically and fundamentally transform economies'.

II. TYPES OF KNOWLEDGE BASED SYSTEMS

The most popular form of knowledge based system used by organisations is -

- *Expert system* - It refers to the capabilities that can be imparted to computers to enable them to display intelligent human behavior. They are designed to replace the functions performed by human experts. The objective is to tap the mind of the experts without the experts having to be present. This expert system aims at formalizing expertise and make it available for repetitive type of business. They use artificial intelligence tools to generate knowledge out of the existing information, existing theories, beliefs and experiences of managers in various business activities. They are not replacements of humans rather help human experts to perform their jobs effectively and are particularly important where expertise is scarce and expensive.

Application areas -

- Accounting and Finance—help in selecting forecasting models, providing tax advice, credit authorization decisions.

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- Marketing—establishing sales quotas, responding to customers enquiries, determine rebate policies.
- Manufacturing— determine whether process is running correctly or not, deciding product designing and layout, maintaining facilities, analyzing quality and providing corrective action.
- Others— assessing project proposals, educating trainees, evaluating performance, developing plans to achieve goals inferring likely consequences of a given situation and many more.

Benefits of Expert system -

- Aids in planning and decision making.
- Monitoring the activities of employees.
- Diagnosis of different conditions.
- Can be used to teach decision rules to the users.
- Timely availability of expert advice.
- Maintains consistency in decision making.
- Expert system is reliable.

- *Knowledge banks* are information portals providing practical information that is readily accessible anytime and anywhere. Such banks are designed to provide data and information as per the requirements of the organisation. It is a virtual organization and not a physical structure. It has the fixed assets like idea, data, information, resources, experience, talent and relationships. Here the service itself is the product i.e. the knowledge. It's a concentrate of vital Human and Intellectual Capital. Here individuals work, interact, contribute, and conclude upon research for predetermined and predefined objectives, parameters or hypothesis. It's a place where more than one invests, the more returns, one gets.
- *Outsourcing* is not a new phenomenon. It has been a popular management tool for decades. One can safely say, outsourcing has evolved through the following stages–1960's-time sharing, 1970's-parts of IT operations, 1980's-entire IT operations, 1990's-alliances/tie ups, 2000's-IT enabled services.

Outsourcing can be in the form of –BPO, KPO or BTO.

BPO is the process of hiring another company to handle business activities.BPO is distinct from information technology (IT)outsourcing, which focuses on hiring a third-party company or service provider to do IT-related activities, such as application management and application development, data center operations, or testing and quality assurance.Now it is common for organizations to outsource financial and administration (F&A) processes, human resources (HR) functions, call center and customer service activities and accounting and payroll. These outsourcing deals frequently involve multi-year contracts that can run into hundreds of millions of dollars. Dominant outsourcing service providers in the BPO fields (some of which also dominate the IT outsourcing business) include US companies IBM, Accenture, and Hewitt Associates, as well as European and Asian companies Capgemini, Genpact, TCS, Wipro and Infosys.

BPO efforts involve offshoring--hiring a company based in another country -- to do the work. India is a popular location for BPO activities. Frequently, BPO is also referred to as ITES -- Information Technology-Enabled Services since most business processes include some form of automation, IT "enables" these services to be performed.

An offshoot of BPO is *KPO*-Knowledge Process Outsourcing. KPO includes those activities that require greater skill, knowledge, education and expertise to handle.

Also coming into use is the term *BTO* -- Business Transformation Outsourcing. This refers to the idea of having service providers contribute to the effort of transforming a business into a leaner, more dynamic, agile and flexible operation.

Due to large pool and significant cost arbitrage, countries like India are front runners in providing these services. KPO is envisaged as having a high potential, not restricted to Information Technology (IT) or Information Technology Services (ITES) sectors. It is the high end activity of the BPO industry which will provide a substantial growth over the next few years.

Challenges faced by KPO companies -

- High attrition rate especially where work is not challenging to the employees skills.
- High cost of training and tendency to lose the most experienced employees to the clients.
- Ensuring information security and confidentiality especially under varying privacy laws.

India also has a pool of knowledge workers in various sectors ranging from pharmacy, medicine, law, biotechnology, education and training, engineering, analytics, design and animation, research and development, and even intelligence services this talent, as being discovered and tapped across the globe has led to off shoring of knowledge intensive business processes that require specialized domain expertise.

With the continuing of cyberisation of corporations and homes across the globe, it is not the quality which will matter but it would be its velocity of delivery. Quality and velocity of delivery can come from the efficiency only. Efficiency comes from the effectiveness of adaptation and evolution with changing times. Efficiency means optimization of resources, be those material, intellectual, entrepreneurial or capital. A combination of all four is a utopian condition, giving a resultant called '*perfection*'. Thus leaping the globe towards ever impossible 'perfect economy' based on wealth amassing, still resulting in catalyzation of growth and ensuring welfare and creating optimum firms described in 'economies of scale'. Ultimately, it paves path for a quality product, with a competitive pricing, into global market places through relationship marketing fundamentals, enforcing customized production, based on individual needs, shunning the mass manufacturing process

Benefits of Knowledge Management to Organisations-

Careful application of knowledge, like other assets, can result in better decisions, particularly, at the working level. It's not decisions made by strategists at the top that make or break a company; but the sum total of the day-to-day decisions made at the front lines of an organization. Better decisions are achieved by spending less time on information gathering and more on the creative process. Decision support systems help with the analysis, but are still driven by the ability to find relevant information. It provides the tools to:

- Increase relevant information access.
- Facilitate collaboration & knowledge sharing.
- Retain institutional knowledge.
- Overcome organizational & geographical boundaries.
- Shorten cycle time.

Resulting in:

- Lower cost of doing business.
- Higher quality products, decisions & recommendations.
- Increased productivity.
- More time analyzing vs.data collection.

But the benefits of knowledge management for improved excellence, is simply 'one side of the coin'. There is more.

- Effective knowledge management, especially accelerated knowledge creation, is the driver for *innovation*. Increasingly, products and services are becoming 'smarter' and more knowledge based.
- The organisation's ability to better collaborate in physical and virtual teams, as knowledge workers, is driving the process of new *knowledge creation*. Ideas can now be turned into innovative products and services much faster.
- Organizations are *learning faster*, and that means that individuals are learning faster. People are developing their *competencies* and confidence faster in organizations that practice effective knowledge management.

Thus we can say that the Knowledge Economy is the next booming economy in the world of recession.

In a world that is facing economic recession many are starting to ask 'What is going to be the next booming economy, what are its characteristics and, how will it help organisation to grow out of recession? It's the rapidly growing global knowledge economy.More individuals, teams, organizations and inter-organizational networks will be restructuring and renewing themselves with the primary purpose of profitably trading their knowledge to add even higher value, predominantly on the World Wide Web.There are enlightened organizations developing and applying the knowledge they have about their industry, customers, partners and stakeholders, as their prime strategic asset, and at the highest point in the value chain. And many are becoming less involved, and more open to profitably outsourcing the other business operations.

One thing is absolutely certain in this rapidly changing world."***The best knowledge will always be in demand."***In, say, fifty years time one can be certain of one thing. Leaders of economies, industries and organizations will always be very interested in finding new and better ways to create and apply knowledge.

Effective Knowledge Management is a timeless and changeless principle.

As a consequence business models would be of "clicks, tricks and mortar" prototype, giving a resultant of DIGITAL ECONOMY where the variable 'knowledge' and 'talent', will influence every aspect related to the price mechanism, economies of scale and consumer behaviour. It would be possible as well as mandatory to quantify the qualitative elements like knowledge, information and talent into monetary terms and measurable units. This leads to the asset enhancement of the corporations, thus leading to a new era of 'knowledge wars' and knowledge bank is a KNOWLEDGE INTELLIGENCE NETWORK, an anti dote to these wars and their incubators. It raises a citadel, when we peep into the future Virtual Econometrics, for the proactive and streamlined path towards TOTAL QUALITY KNOWLEDGE

MANAGEMENT, creating barriers to the misuse of knowledge and obstructing foul and malicious persuasive communications. It is certain that in times to come those who possess the best of the talent can only win, otherwise one is surely destined to doom. The pioneers, undoubtly will have an upper edge over others, who follow afterwards. As the new world of business imposes the need for variety and complexity of interpretations of information.

III. Concluding Remarks

The dynamic socio-economic environment and the rise of the global economy are rapidly changing the way in which business is conducted. Knowledge Management caters to the critical issue of organizational adaptation, survival and competence in the face of increasingly discontinuous environmental change. It embodies organizational processes that seek synergistic combination of data and information processing capacity of information technologies, and the creative and innovative capacity of human beings. In this view 'best practices' are not implemented without active intervention by human resources. These human sensors interact continuously on the front lines with the external environment, have a rich understanding of the complexity of the phenomena and the changes that are occurring therein, thus helping organizations to synchronise its programmed routines with the external realities of the business environment. They need to be facile in the applications of new technologies to their business context. Such understanding is necessary so that they can delegate programmable tasks to technologies to concentrate their time and efforts in value adding activities that demand creativity and innovation. More importantly they should have the capacity in judging that the organizations 'best practice' are aligned with the dynamics of the business environment. Such knowledge workers are the critical elements of the double loop learning and unlearning cycle that should be designed within the organizational business process.

Today's economy is fundamentally different from the economy that was about four decades ago. Knowledge and knowledge based assets are more important that anything else for gaining competitive advantage over others. The emergence of information era in the last decades of the 20th century has made obsolete many of the fundamental assumptions of industrial age competition. The companies can no longer achieve sustainable competitive advantage by merely developing new technology into physical assets and by excellent management of financial assets and liabilities. In the knowledge economy, wealth creation is tied directly to the creation, transformation and capitalization of knowledge. Knowledge economy companies are built on a new set of assumptions as people around the globe are more connected to each other than even before with information and other related messages which flow more quickly and easily than even before.

The successful organizations and individuals will not allow themselves to keep 're-inventing the wheel' or 'repeating the same mistakes. This is so costly and, good leaders will simply not tolerate, nor be able to afford, such cost inefficiencies caused by knowledge gaps and bad knowledge flows. Those individuals and organizations that can best sense, become quickly alerted to, find, organize, and apply knowledge, with a much faster response time, will simply leave the competition far behind. All of this can only be achieved through good knowledge leadership that understands the unchanging timeless principles for knowledge, which transforms individuals and organisations to become far more responsive and effective players in a growing knowledge economy.

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