

CHAPTER 1

INTRODUCTION TO THE RESEARCH SUBJECT

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1.1 Introduction

"Knowledge Management is broad, multidimensional and covers most aspects of an enterprise's activities." [41]

Transformation from the industrial to the knowledge age implies a change in the rules of business. Products have become primarily knowledge embedded, introducing the principle of increasing returns, whereas industrial age products generally offer diminishing returns. In addition, organisations face an information overload and the challenge of conducting business where the traditional geographical, time, and information barriers no longer exist.

Natural resources, once the most valuable asset of the organisation has been replaced by the knowledge created by and imbedded in the knowledge worker. Unlike industrial age assets that were managed on the principle of scarcity the knowledge asset, if managed and exploited appropriately, increases through sharing. The knowledge asset is unfortunately much less tangible, is extremely difficult to control and cannot be owned by the company, because it is the property of the mobile knowledge worker. Subsequently the knowledge asset cannot be retained in a static repository because the true value of knowledge is in the knowledge worker's capability to apply knowledge.

The challenge to manage the knowledge assets of the organisation introduces a new business philosophy, Knowledge Management (KM), which aims at leveraging the knowledge worker's true knowledge creating potential. Much has been said about this new philosophy but little success stories exist on how this should be done. Thus, like many other researchers, the author attempts to define the new rules of managing the knowledge organisation's most valuable resource, its knowledge worker.

1.2 The Knowledge Management Scenario

Currently business perceives knowledge management as:

- a business *philosophy*;
- the most important *organisational competence* in the knowledge age;
- critical in the *knowledge creation and retention* process of companies;
- the key differentiator between *knowledge organisations*;
- the primary enabler of the *intellectual capital* of the company; and
- the way forward...*but...*

The Gartner Group illustrates the adoption and success rate of knowledge management during its life-cycle in terms of different phases (see *Figure 1*):

1. Knowledge management will grow in adoption during an *initiation phase*, due to numerous technology triggers, e.g. the Internet. This phase will be characterised by various different views on the definition of knowledge management.
2. Subsequently, the acceptance of the knowledge management concept will then accelerate along a hype curve, known as the *contagion phase*. The adoption rate will be faster than normal due to the bandwagon-effect. This will occur as consultants and software vendors create an inflated level of expectation through the promotion of their products as knowledge management solutions.
3. The *implementation phase* is likely to result in a trough of disillusionment, due to immature technology, cultural barriers and a lack of sufficient understanding of all the aspects of knowledge management.
4. Finally, this will lead to a *maintenance phase*, where an increase in business productivity will occur and the adoption rate will stabilize.

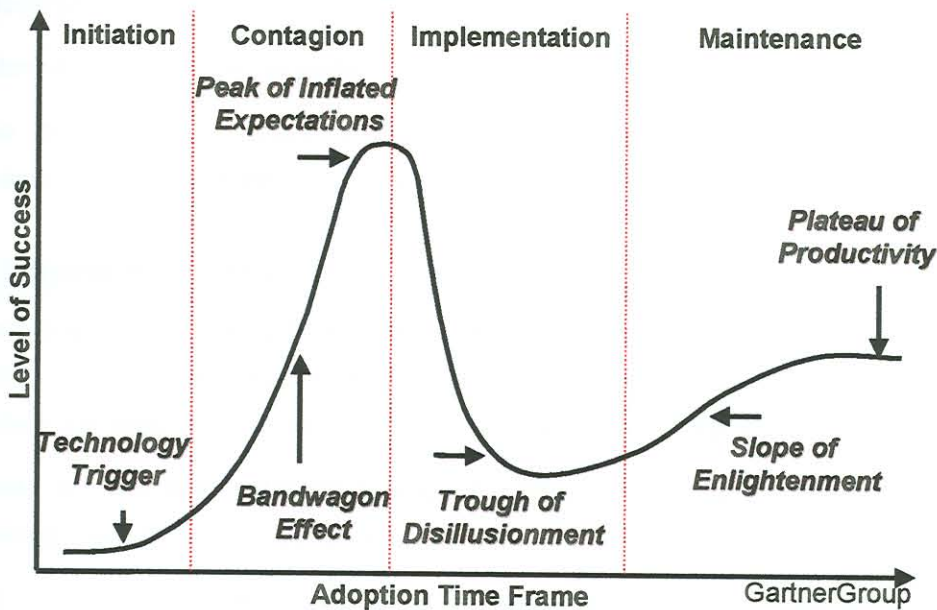


Figure 1: Projected Knowledge Management Life Cycle

Currently, the industry appears to be in the Contagion phase of this life cycle. This is evident in the different opinions that exist on the topic, the number of vendors that promotes it and the growing level of interest with regards to knowledge management.

When considering the proposed projection of the success and adoption rate of knowledge management as illustrated by the Gartner Group, it is not surprising that organisations hesitate when considering such an initiative. This research project attempts to address issues that impact on the success and adoption rate of knowledge management initiatives. In addition the author will endeavour to establish a better understanding of the philosophy behind knowledge management. Thereby potentially avoiding unrealistic expectations and disillusionment during implementation as well as increasing the final impact of such an initiative on the productivity levels of the company.

1.3 Research Approach

Currently, there are a limited number of mature knowledge management initiatives in the world and even fewer initiatives launched in South Africa. Due to the contemporary nature of the field under discussion the author followed a theoretical approach in conducting the research and used the following techniques during the project:

- research;
- interviews with subject experts; and
- the investigation of case studies from a selected number of knowledge management implementation initiatives.

1.4 Purpose of Research

The *purpose* of this dissertation is to define the discipline of knowledge management, establish the principles to consider in managing the knowledge organisation and to propose a framework for implementing a knowledge management initiative.

Whereas the *goal* is to establish a working methodology on the implementation of knowledge management, supported by the following *objectives*:

- To identify the *drivers* that initiated the business concept of knowledge management.
- To understand the changes in business requirements of the *knowledge company* in the knowledge era.

- To develop a comprehensive insight into the *theory and concepts* related to knowledge management.
- To define a methodology for launching a knowledge management initiative in a service industry type organisation.

1.5 Document Layout

This document consists of the findings related to the objectives of the project and is structured as follows (*Figure 2*):

- Drives which led to the development of the knowledge management business philosophy (Chapter 2).
- Literature study on the underlining theory of the knowledge asset and the management thereof (Chapter 3).
- A knowledge management framework for a knowledge organisation (Chapter 4).
- A methodology for the implementation of a knowledge management initiative (Chapter 5).
- A conclusion on the critical success factors and risks of implementing a knowledge management initiative as well as recommendations on how to improve the success thereof (Chapter 6).

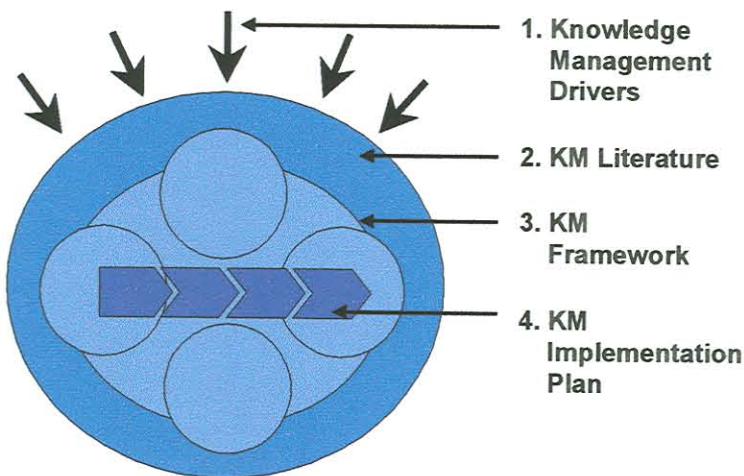


Figure 2: Document Layout