

## BUILDING A KNOWLEDGE SHARING ORGANIZATION

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### Summary

*The knowledge based organization is able to respond quickly to external demands, leverage internal resources intelligently and anticipate external market directions and strategy changes. In this article the process of building a knowledge based organization was presented.*

**Keywords:** the knowledge base organization, knowledge management, knowledge sharing culture

### 1. Introduction

Currently, organizations put great emphasis on knowledge management, which will have significant influence on their presence in the market. Organizations will find it impossible to be competitive in the knowledge-based economy without effective knowledge management. Peter Drucker wrote[3], "Knowledge has become the key economic resource and the dominant – and perhaps even the only – source of comparative advantage". This follows his assertion that increased knowledge – work productivity represents the great management task of this century; equivalent to innovation and productivity improvements accomplished through the industrialization of manual - work processes.

Most organization are focused on the concrete and observable activities that they do on a day-to-day basis. A knowledge-based organization attends to two related processes that underline these direct processes: the effective application of existing knowledge and the creation of new knowledge. The goal is fourfold: to ensure that knowledge from one part of a company is applied to activities in other parts; to ensure that knowledge is shared over time so that the company benefits from past experience; to make it possible for people from various parts of the organization to find one another and collaborate to create new knowledge; and to provide opportunities and incentives for experimentation and learning[9].

Knowledge creation and sharing in today's economy are not bound by the traditional physical and legal limits of the firms. Companies are increasingly realizing the knowledge is often produced and shared as a byproduct of daily interactions with customers, vendors, alliance partners and even competitors. The knowledge based organization is a collection of people and supporting resources that create and apply knowledge via continued interaction. Its boundaries are malleable and dynamic. The organization seek knowledge wherever it exists. According to M. Zack knowledge-based organization is made up of four characteristics that can be summarized as process, place, purpose and perspective. "Process" refers to the activities within an organization, some of which are directly involved with making a product or selling a service and others that are ancillary but not less important. "Place" refers to the boundaries of the organization, which for the purposes of sharing and creating knowledge often go beyond traditional legal boundaries. "Purpose" refers to the mission and strategy of the organization – how it intends to serve its customer profitably.

“Perspective” refers to worldview and culture that influence and constrains the decisions and actions of an organization[14].

Each of these elements forms a basis for evaluating the degree to which knowledge is integrated with the organization and its level of competitiveness. Executives who understand how the four elements interact will be able to start changing their companies to take advantage of its intellectual assets.

## **2. Definitions of knowledge and knowledge management**

Knowledge is neither data nor information, though it is related to both, and the differences between these terms are often a matter of degree. Data is a set of discrete, objective facts about events. Information is a message, usually in the form of a document or an audible or visible communication. As with any message, it has a sender and a receiver. Information is meant to change the way the receiver perceives something; to have impact on his judgement and behaviour. Knowledge is broader, deeper, and richer than data or information. One of the definitions is[2]: “Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experience and information. It originates and is applied in the minds of ‘knowers.’ In organizations, knowledge often becomes embedded not only in documents or repositories but also in organizational routines, processes, practices, and norms.” Knowledge is a mixture of various elements; is fluid as well as formally structured; is intuitive and therefore hard to capture in words or understand completely in logical terms. Knowledge exists within people, part and parcel of human complexity and unpredictability[11].

Organizations possess two kinds of knowledge: external and internal. External knowledge reflects awareness of regulations, competition and market trends, as well as the ability to anticipate a market. Internal knowledge includes an understanding of core competencies, know-how, strengths, weaknesses and lessons learned from past experiences[4].

One of the reasons that we find knowledge valuable is its relatively closer position to action than data or information. Knowledge can and should be evaluated by the decisions or actions to which it leads. Better knowledge can lead, for example, to measurable improvement in product development and/or production. We can use it to make wiser decisions about strategy, competition, customer needs, distribution channels, and product and service life cycles[10]. Knowledge develops over time, through experience that includes what we absorb from instructional courses, books, and mentors, as well as informal learning.

There are many definitions of knowledge management, for example K. E. Sveiby defines it as[13]: “The art of creating value from an organization’s intangible assets.” For KPMG knowledge management is “A systematic and organized attempt to use knowledge within an organization to transform its ability to store and use knowledge to improve performance”[7].

## **3. Knowledge sharing culture**

A knowledge-sharing culture is a culture in which people are incentivized to share knowledge with their colleagues and leverage and learning others rather than hoard information and reinvent wheels. It is a culture that is committed to improving itself and the business it serves[12].

For companies that make knowledge sharing a priority, the benefits can be significant, including higher quality and more consistent advice, greater responsiveness to clients within the organization, productivity gains, and improved employee satisfaction.

To share information, a firm must first adopt a knowledge-enable culture. People make up the culture of any organization. They are the primary facilitators in the effective flow of knowledge, and include not only knowledge managers, but also everybody from staff to partner. Knowledge-management stakeholders must be willing to commit resources. They must also be willing to set goals that encourage information sharing, and to determine and eliminate factors that binder creating and networking knowledge. This is not an easy task, especially when knowledge has been hoarded rather than shared. As a result, change management comes into play.

According to M. Zack managers who want to turn their companies into knowledge based organizations need to focus on several key actions[14]:

**Define the organization's mission and purpose in terms of knowledge.** A company that wants to change must be able to define the strategic role which knowledge plays in the organization.

**Define the organization's industry and position within it in terms of knowledge.** Traditional division of organizations based on products and services no longer give a true picture of how companies fit into industries. The most important thing that competitors have today is similar knowledge, not products.

**Formulate strategy with knowledge in mind.** A knowledge-based organization defines its strategy based on what it knows as well as what it makes. It finds strategic leverage points where knowing more than competitors provides a competitive advantage. It also recognizes that knowledge imposes limits on what the company can successfully execute.

**Implement knowledge-management processes and structures that directly support the company's strategic knowledge requirements.** An organization that defines its strategy in terms of knowledge and identifies the strategic knowledge leverage points will know where to focus its knowledge management efforts and will get a long-term return on its investment.

**Transform the company into a strategic learning organization.** An organization's ability to sustain a knowledge advantage is based on its ability to learn. Successful companies look for opportunities to experiment and learn in knowledge domains which they consider strategic.

**Segment the company's customers and markets not only on the basis of products and services but also according to how much can be learned from them.** New customer segments are the most important source of learning and future strategic opportunities.

**Treat the cost of learning as an investment, not an expense.** Managers should evaluate investments in learning as options for future action rather than sunk costs according to traditional ROI analysis.

**Take human resource management seriously.** The knowledge-based organization recruits employees and develops their careers on the basis of the knowledge it needs to compete and execute its strategy. It builds and relies on social capital as a key motivator for knowledge creation, exchange, and application. And it rewards creativity, risk taking, experimentation, imagination, and even failure when they generate important lessons learned.

The steps outline are not easy to accomplish. Managers who try to implement them will need to employ both imagination and effort to make their organization truly knowledge based. Thanks to it, organization can find significant and sustainable competitive advantage.

#### 4. The process of knowledge sharing and creation

In the questionnaire which was done in 368 small and 143 medium enterprises operating in markets of the Silesia province, the attitude to sharing of knowledge was researched.

In 66,14% enterprises, the workers often share their knowledge (16,83 % - always, in 6,8% - sometimes). In 43,84% of enterprises sharing of knowledge is rarely rewarded and in 31,90% never.

The main causes to share knowledge are: goodwill (58,71%), sympathy to colleagues (58,71%), participation in development of the firm (45,21%), to gain recognition of managers (39,33%), satisfaction from possessing knowledge (28,18%). Financial profits and possibility of promotion are at the end of this list.

For the next questions connected with knowledge sharing culture managers answered in 5 points scale. The questions are presented in table 1. The possible answer for the questions were as follow:

- 1 – never / no/ I don't agree
- 2 – very rarely
- 3 – from time to time
- 4 – often / usually
- 5 – always / yes / I agree

*Table 1 Answers for questions connected with knowledge sharing culture*

	<b>Questions</b>
1	In organization people are encourage to innovation and to take risks
2	People in organization are not aggressive and do not compete with each other
3	People in organization are satisfy with level of cooperation
4	Members of organization support each other
5	Members of organization realize responsibility for mistakes
6	In organization there is an atmosphere which favorable learning
7	Members of organization have a high self-esteem
8	In organization there is an atmosphere, which is characterized by mutual trust
9	In organization there is an atmosphere, which is characterized by readiness to make preventive action and take a responsibility for performance of organization
10	Organization would like to develop
11	In organization people are encourage to continuous analyzing the way in which they work and to modify it when it is needed
12	Organization expect from people, precision and analytical approach and taking attention to details
13	In organization managers focus on results than method used to reach them
14	Managers making decision take into consideration members of organization
15	In organization work is organized rather in teams then individual

Source: [1, 5, 6, 8]

After summing the points the enterprises were divided into four groups (A,B,C,D) – table 2.

*Table 2 Classification of enterprises*

<b>Answers</b>	<b>A</b> 75-61	<b>B</b> 60-46	<b>C</b> 45-31	<b>D</b> 30-15
<b>Small enterprises</b>	44,57%	49,18%	5,71%	0,54%
<b>Medium enterprises</b>	33,57%	57,34%	8,39%	0,70%

Source: Author's research

44,57% of small enterprises and 33,57% of medium were classified to group A. This mean that the transfer of knowledge in these organization is in good level. The strategy used in these organization in proper way support a knowledge sharing. 49,18% of small enterprises and 57,34% of medium were classified in group B. The transfer of knowledge in these organization is good, but there are some week points which should be improved. The place in group C means that there are some aspects of transfer of knowledge but it is not enough, so the changes should be made (5,71% of small enterprises, 8,39% medium). The last group D show that there is no culture supporting knowledge sharing (0,54% of small enterprises and 0,70% of medium).

According to presented research the small and medium enterprises don't put enough attention to organizational culture which support sharing of knowledge.

### 5. Final remarks

The low cost of computers and networks has created a potential infrastructure for knowledge exchange and has accessed important knowledge management opportunities. The computational power of computers has little relevance to knowledge work, but the communication and storage capabilities of networked computers have made them 'knowledge enablers.' Through e-mail, groupware, Internet, and Intranets, computers and networks can indicate people with specific or required knowledge and connect those people who need to share given knowledge over a distance. Desktop videoconferencing and multimedia computing that transmit sound and video, as well as text, make possible to interface the richness and subtlety of one person's knowledge with others. What we must remember is that this new information technology is only a pipeline and storage system for knowledge exchange. It does not create knowledge and cannot guarantee or even promote knowledge generation or knowledge sharing in a corporate culture that doesn't endorse such interfacing activities.

The success of knowledge transfer and knowledge sharing depends to a great extent on how satisfied employees are on the job and the turnover rate in the workplace. For knowledge transfer to be effective, employees have to work in a culture that accommodates transfer, and they must apply and share transferred knowledge in an environment of trust and trustworthiness. Regardless of these factors, employees must be satisfied with the status quo if they are to cooperate and collaborate with other teams. Knowledge is transferred via documents, an intranet, groupware, databases, knowledge bases, and a lot more. By far, the most effective channel for knowledge transfer is face-to-face meetings in the business place.

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