

Knowledge Management

Knowledge is the currency of today's economy and the crux of knowledge management, which in turn the lifeline of modern-day organizations.

It has been used since 1990s as a tool to achieve sustainable competitive advantages and greater performance, and now, it is becoming an essential asset to sustain organizational competitive advantages and a vehicle for continuous progress and innovation. It is every organization's objective to be able to grow and progress whether it is an SME or a large enterprise so to ensure that there is return on investment of the shareholders and this objective can be met through sustainable superior organizational performance. There are many determinants that may influence organizational performance operating in the current economy but one that is being increasingly recognized as vital is knowledge management.

In the knowledge-based economy era, superior organizations depend more on their knowledge-based resources to survive and to cope with the changes. Therefore, the Knowledge Management (KM) implementation is increasingly becoming a main power to improve Organizational Performance for various organizations. According to Resource-Based View and Knowledge-Based View theories, knowledge is a key resource for survival, stability and growth of the organizations.

It can be appreciated that this current economy is quite dynamic where resources value span are becoming much shorter as marketplaces are becoming increasingly competitive and the rate of innovation is rising. Beccera-Fernandez and Sabherwal identified four forces as the forces driving the need to manage knowledge in this current economy.



“Increasing Domain Complexity” which means the knowledge required to complete a particular business task just becomes more complex;

“Accelerating Market instability” which means the rate of change in market trends has increased significantly over the years to the extent that market changes may happen overnight;

“Intensified Speed of Responsiveness” which means that decision makers are now given much less time to respond to the market changes otherwise risk losing business opportunities;

and finally “Employee Turnover (Diminishing Individual Experience)” which means that employee mobility is even greater than before thus leaving organizations with major challenges of maintaining their intellectual capital.



Knowledge Management is a vital source of sustainable competitive advantage for enterprises and has more positive influence on firm performance. KM allows for the integration of people, processes and technology to create values from both organizations' intangible and tangible assets. This integration allows for new business opportunities to be identified and developed through the use of knowledge gained from the knowledge worker (expert), quick and easy access to the needed knowledge at any time and under any circumstances, that is, ensuring the needed knowledge always gets to the right place, in the right format, at the right time, and the implementation of more efficient and effective processes through the continuous learning. It also helps to better share the knowledge with the different stakeholders which can significantly improve existing relationships or create new ones. For example, improved customer relationships would normally result in better customer loyalty and better organizational public image. It helps to enhance the collaborative effort expected from employees, encourage continuous development of people capabilities through individual or group learning, and promote organizational learning for improved production and services offering, and the overall resulting effect on organizational performance.