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KNOWLEDGE MANAGEMENT SYSTEM: A NESECITY FOR ORGANIZATIONAL PERFORMANCE

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ABSTRACT

This paper examined the relationship between knowledge management and organizational performance. The paper reviewed literatures on knowledge management and organizational performance, and anchor the paper on system theory. The paper concluded that knowledge management systems such as corporate intranet, database management system, and decision support system are major boosters of organizational performance in terms of market share, strong brand reputation, and profitability. The paper recommended amongst other things that Management should ensure that all relevant data regarding customers and other stakeholders as well as the experiences and skills of workers are adequately captured, stored, and made securely accessible across customized computer systems in all branches to make operations more efficient.

Keywords: Knowledge management, organizational, performance, corporate intranet,

INTRODUCTION

According to Buckley and Carter (2002), knowledge plays an important role in an organization because according to Long (1997), knowledge, is a mixture of information and human context that improves the ability to act. Jennex and Olfman (2006) opined that knowledge is only priceless when coupled with human experience and interpretation. Owing to the multi-natured concept and complex meanings of knowledge, researchers have been trying to explore its idea for many centuries (Nonaka, 1994). To this end, several researchers have defined knowledge and knowledge managements concurrently. Among these researchers, Bock and Kim (2002) consider knowledge as what the individual believes in that could help solve organizational problems through synthesis of concepts in both epistemology and psychology. In addition, the author define knowledge management as a program that manages and diffuses a set of activities comprising of knowledge-resources acquisition, creation, and sharing for the purpose of organizational performance improvement and obtaining competitive advantages.

According to Demarest (1997) defines knowledge is the actionable information included in the set of work practices, theories-in-action, skills, equipment, processes and heuristic of firm's employee. To him, knowledge management is the orderly underpinning, observation, instrumentation, and optimization of the firm's knowledge economies.

The above definition reveals that knowledge management may or may not be what knowledge management personnel might do. Anand, Gardner, and Morris (2007) defined knowledge as thoughts, capabilities, and information that can be enhanced and mobilized to create value. Additionally, the authors considered knowledge management as the development of process that relates knowledge requirements to business strategies, and to facilitate access and representation of individual and organizational knowledge. Nonaka (2007), on the other hand, defined knowledge as a dynamic human process of identifying personal belief toward the truth and referred knowledge management as knowledge conversion activity for knowledge creation.

Similarly, Spek and Spijkervet (2005) defined knowledge as the whole set of insights, experiences, and procedures which are referred to as correct and true and in turn guide the thoughts, behavior, and communication of people. According to them, knowledge can be applied to many situations over a long period. They referred to knowledge management as the complete control and management of knowledge within an organization for the purpose of carrying out the company's objectives. Scholars postulate different dimensions of knowledge management in businesses. For instance, Marquardt (1996) identifies for dimensions of knowledge management: knowledge creation, knowledge storage knowledge acquisition, and knowledge application and transfer. Likewise, Zack (1999) reveals four components of knowledge management, such as knowledge acquisition, refinement, storage and retrieval as well as presentation.

Gold et al. (2001) contend that organizations should have two fundamental abilities to manage knowledge: the process and infrastructure. The first one refers to knowledge acquisition, its conversion and its application processes while the second one deal with the technology, organizational structure, and corporate culture. In addition, Alavi and Leidner (2001) emphasized the core implementation of knowledge management in an organization in term of creating, storing and retrieving, and transferring and applying knowledge.

Gottschalk (2006) identified five indicators of knowledge management, such as, share, capture, creation, understanding and distribution of knowledge. Cepeda and Vera (2007) suggested four divisions of knowledge management namely: knowledge transfer, knowledge creation, knowledge utilization, and knowledge retention. To help achieve organizational objectives via knowledge management (Zaied, Hussein, & Hassan, 2012), knowledge management infrastructures should be in place. Knowledge management infrastructures are the mechanism for the organization to develop its knowledge and also stimulate the creation of knowledge within the organization as well as the sharing and protection of it. Studies have considered structure, culture, technology, and human knowledge as knowledge management infrastructure capabilities (e.g., Gold, Malhotra, & Segar., 2001; Lee & Choi, 2003).

Technical knowledge management is the technical techniques within a business that identify how knowledge passes through the organization and how it is utilized. Structural knowledge management is the level of a company's structural predisposition to promote knowledge-related activities. Cultural knowledge management is a range of shared principles, standards and morals, which are primarily possessed by the members of an organization. Finally, human knowledge management represents the degree of employee's expertise in a specific domain and the degree of them exhibiting the potential of using that knowledge to communicate with others. Several authors have identified four dimensions of knowledge management; however, this work has conceptualized corporate intranet, database management and decision support systems as knowledge management techniques, dimensions and styles in communication marketing firms in port Harcourt.

Concept of Organizational Performance

Organizations performance is process to enhance both the effectiveness of an organization and the well-being of its member through planned interventions. One of the three key points of the organizational development will which lead to organizational performance are when many of organization development effort to increasing organizational learning, with the intent of then impacting organizational performance (Jon and Randy, 2009). Organizational performance was referring to the actual output or results of an organization as measured against its intended outputs, goals and objective (Jon and Randy, 2009).

There are four types of organizational performance measures, first human resource outcomes, second organizational outcomes, third financial accounting outcome, and lastly capital market outcomes. Human resource outcomes related to change in employee behaviour which included employee satisfaction, turn over and absenteeism. Organizational outcomes contain labour productivity, customer satisfaction, and quality of product services. Financial accounting outcomes included three measures such as returns on assets, return on equity and profitability. Capital market outcomes reflect how market evaluates an organization which consists of the three indicators which is stock price, growth rate of stock price and market returns. Organizational performance basically can be defined as the outcome that indicate or reflect the organization efficiencies or inefficiencies in term of corporate image, competencies and financial performance (Khandekar and Sharma, 2006). Work performance is the way employee perform their work. An employee's performance is determined during job performance review, with an employer taking into account factor such as leadership skills and productivity to analyze each employee on an individual basis. Job performance reviews are often done yearly and can determine raise eligibility, whether an employee is right for promotion or even if an employee should be fired (Rowold, 2011). There were so many ways to evaluate employee work performance. According to Rowold (2011) high performance work system and practices have need identified as playing a key role in the achievement of business goals and improved organizational effectiveness. While there is no agreement on an ideal configuration or bundle of such systems and practises. The logic is that high performance work systems influence and align employee's attitude and behaviours with strategic goal of the organization and they increase employee commitment and subsequently organizational performance.

Resource- Based Theory

The key theory which may have contributed considerably towards the understanding of the importance of knowledge for firms is the Theory Based on Resources, also known as the Resource-Based Theory of the firm. The concept of competitiveness based on competences was developed according to Omerzel (2010) by Penrose (1959) and later used by Wernerfelt (1984), Rumelt (1984) and Barney (1986). These scholars can be adjudged as the creators of the Resource-Based theory. The theory posits that resources are tradeable and non-specific to the firm, for instance, organizational processes. The theory is based on the following assumptions. Firstly, that resources and capabilities may be heterogeneously distributed across firms and these differences may be long lasting. Secondly, that economic factors (be they firms or people) are boundedly rational utility maximizers. Thirdly, that markets can vary in their competitiveness and that information can vary in how it is diffused across a market and so forth. Unless knowledge management and core competencies can be synchronized, the organization will find it difficult to build long term survival and competitive advantage. It therefore follows that knowledge should be viewed as the most important resource for organizational profitability. This suffices that organizations should identify and develop their knowledge resources in order to strengthen and sustain their competitive edge. This means that knowledge should be understood as the fundamental resource (Grant, 1991; Spender and Grant, 1996; spender, 1994) in Omerzel (2010).

System Theory

System theory was propounded by Ludwig Von Bertalanffy in 1928. A system is a whole made up of interrelated parts called subsystems that worked together to achieve a goal. It deviates completely from other theories of management which viewed different parts of the organization. The system theory took a holistic view of the organization as being made of different parts. The system theory stipulates that every manager must therefore take both the external environment and the different units/departments into consideration before making decisions without which parts or sub-systems of the organization will suffer grievously. Business organizations such as telecommunication firms are made up of different units and departments with different kinds of personalities inside. For the manager and his team of managers to effectively manage human and material resources like knowledge and information of the firm system, he must consider the opinions and needs of all the various segments of the organizational system such as the marketing department, accounting department, customer care etc, and he must also consider how his style of leadership will affect the external environment which is the customers and even the public in its entirety. Without considering the needs of educational consumers and his staff, the organization head will surely have problem in managing the organization. The interest of customers is as important as that of the organization, so organization managers must be ready to carry every person, department and unit along in terms of decision making and resource allocation.

There are some concepts usually associated with the systems theory. These are presented below.

Open Versus Closed System: While an open system interacts with its environment, a closed system does not. All organizations are viewed as open systems because they interact with their environment. The manager is expected to maintain a good communication link with the internal environments of the organization, and the external environment of the organization.

Sub-Systems: These are the different parts or units that make up the system. A organization is made up of different departments and units such as Administration, Accounts, Technicals, Marketing, etc. These and other units in the organization have specialized functions which contributes to the overall efficiency and effectiveness of operations in the organization. It is important to note that no unit of the organization is less important.
Synergy: This is a situation in which the sum is seen as being greater than its parts exemplified as 2+2=5 (Nnabuife, 2009). This principle emphasizes the importance of pooling efforts together to achieve greater fits and better result in the telecommunication marketing firm. Although, there are different units and departments, offices and different categories of staff in the firm, there is need for collaborative effort if the goals of the organization must be achieved. It is therefore, the primary assignment of the manager to coordinate the activities of the various offices and units to ensure to ensure that they work in unison.

Entropy: This is the gradual decay that sets in when an organization fails to react to the feedback coming from the internal and external environments. When organizational managers fail to react to or look into complaints coming from teachers, students, parents and other stakeholders, things will start getting worse in the system. To prevent entropy, organizational managers must endeavour to give prompt attention to anomalies that may threaten the system.

System Boundary: This describes the demarcation between one system and another. Every system has a boundary which can either be open, when there is adequate flexibility in the boundary or close, when there is rigidity (Chidindu, 2012). Most organizational boundaries are becoming more open and therefore, more flexible and this makes them more amenable to the very turbulent environments they find themselves presently. The implication of this particular systems principle is that each of the sub-systems or units in the organization have their specifically defined area of operations and functions; to avoid clashes, each unit, department or office/officer in the organization must learn operate within the confines of the authorities given him.

Feedback: This is the reaction that flows from the internal and external environment back into the system through the inputs. It reports the bad and good aspects of an organization's products/services (Nnabuife, 2009). The importance of feedback in the organization cannot be over-emphasized. Feedback in the organization may come in the form of monthly report and responding to customers' complaints and questions.

CONCLUSIONS

The paper concluded that knowledge management systems such as corporate intranet, database management system, and decision support system are major boosters of organizational performance in terms of market share, strong brand reputation, and profitability.
Based on the findings and conclusions, the following recommendations were made:

1. Management should constantly upgrade their intranet infrastructure to promote timely knowledge sharing amongst workers which will improve service delivery and also result to strong brand reputation, increase in market share, and higher profitability.
2. Management should ensure that all relevant data regarding customers and other stakeholders as well as the experiences and skills of workers are adequately captured, stored, and made securely accessible across customized computer systems in all branches to make operations more efficient.

3. More knowledge management experts should be engaged to ensure that both tacit and explicit information and knowledge resources in the organization are adequately harnessed and stored for general benefit of the firm.

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