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The Future of Knowledge Management

Birgit Renzl
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Edited by Birgit Renzl, Kurt Matzler and Hans Hinterhuber



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Introduction

Birgit Renzl, Kurt Matzler and Hans Hinterhuber

This book aims to provide a forum for leading scholars in knowledge management to engage in debate on current research and shed light on future prospects in this field. The papers in this issue are based upon the 'Fifth European Conference on Organizational Knowledge, Learning, and Capabilities [OKLC]', hosted by the Department of Management at the University of Innsbruck in April 2004.

Following the previous conferences in Warwick (2000) Leicester (2001), Athens (2002) and Barcelona (2003), the conference has moved to the centre of Europe. This shift towards the centre is present also in a metaphorical way, in the sense of focusing on the core topics in knowledge management. The debate on organizational knowledge, learning and capabilities emphasizes the knowledge-based view of an organization, reflecting the current debate among academics and practitioners on the centrality of knowledge in organizations and the alignment of the multi-perspective views of knowledge. Over time the OKLC conference has continually evolved into a strong community of interest unifying various perspectives of knowledge in organizations, such as:

- knowledge-sharing;
- knowledge creation and innovation;
- the relationship between knowledge and value creation;
- communities of practice;
- the relationship between the management of knowledge and advances in communication and information technologies;
- evaluating knowledge and intellectual capital reporting;
- managing knowledge and competence;
- the knowledge-based view; and
- dynamic capabilities.

The aim of this book is to outline the 'Future of Knowledge Management'. Knowledge management evolved in the mid-1990s as a response to

the advance of the knowledge society. Demand for knowledge management technologies has shown two-digit growth rates in the last few years (Abrams et al., 2003). German management professors rank knowledge management first when asked what they consider to be the core issues in strategy research (Matzler et al., 2003). According to our study on the future of management tools and concepts among consultants in Germany, Austria and Switzerland, knowledge management is considered one of the hottest topics (Matzler et al., 2005). However, consultants are quite sceptical about the effectiveness. Companies' satisfaction with knowledge management initiatives is generally low and, from the 20 management concepts studied, knowledge management is the one with the highest need both for academic research and for development of practical tools.

We are living in a knowledge society that yields high returns on knowledge resources (Drucker, 1999). In the knowledge-based view (Grant, 1996), which was established in the mid-1990s, knowledge is regarded as the most important source of competitive advantages for firms.

While the knowledge-based view initiated the debate about epistemological issues such as what is knowledge and how do we generate new knowledge (Nonaka, 1991; Nonaka and Takeuchi, 1995; Tsoukas, 1996) in addition to issues of transferability (Szulanski, 1996; Kogut and Zander, 1992; Zander and Kogut, 1995), there has been, however, little development of methods and tools to implement knowledge management in firms. In the beginning of the knowledge management age the tools were highly driven by information and communication technology. However, their use is rather limited when it comes to knowledge. In contrast to information, knowledge is highly personal. Knowledge presupposes values and beliefs and is closely related to human action (Tsoukas and Vladimirou, 2001). Knowledge is based on personal judgements and tacit commitments. It is necessary to consider the following aspects when dealing with knowledge in firms (as Matzler et al., 2005; Renzl, 2004):

- *Tacit dimension of knowledge:* Apart from the explicit dimension there is always a highly individual tacit dimension of knowledge, which is difficult to articulate. Knowledge is considered as the process of knowing integrating the two complementary dimensions of tacit and explicit knowledge (Polanyi, 1966; Tsoukas, 2001). Therefore, it is not enough to capture solely the explicit part of knowledge. Methods and tools of knowledge management need to consider knowing as a process operating at different levels of consciousness.
- *Practice:* Knowing is intimately related to practice (Orlikowski, 2002; Argyris, 1993; Cook and Brown, 1999). Knowledge develops in the situation at hand. Action and practice are influencing thinking and knowing and vice versa. Thus, knowing reflects the highly dynamic process of thinking and acting among the participants involved.

- *Social aspect:* Since knowledge is considered as a process of knowing, interaction among the participants involved is crucial (Nonaka and Takeuchi, 1995). In organizations people share and create knowledge through social construction.

Based on the above definition of knowledge and knowing accordingly, developing knowledge management tools seems rather challenging. Compared to other tools in our study, knowledge management has to face a particularly challenging position (Matzler et al., 2005). Respondents perceived knowledge management as a highly important topic. However, they are not satisfied with the methods and tools applied. Future research in this area is required in order to sustain both a management debate and a set of practices, in addition to an academic field of research.

There was widespread diffusion of knowledge management literature during the late 1990s. knowledge management seemed to be 'en vogue'. The ABI Inform Index shows a total of over 4000 articles concerning knowledge management in 2002 (Serenko and Bontis, 2004, p. 185). The number of articles on knowledge management and intellectual capital increased at an average annual rate of 50 percent during 1995 to 2005. The question arises, is knowledge management just another management fad? Following Abrahamson's (1996) management fashion model Scarbrough and Swan (2001) analysed the role of fashion in knowledge management to explain its widespread diffusion from the mid-1990s onwards. They consider the ambiguity of the concept itself as a primary clue to the fashion-setting possibilities (Scarbrough and Swan, 2001, p. 3). The concept of knowledge management is multi-faceted and includes a variety of approaches such as epistemological issues, information technology, knowledge work, measuring and evaluating intangible assets, and soon. However, 'management fashions will only diffuse if they claim to be fundamental in their application and timeless in their scope – if they claim to offer solutions to real or perceived efficiency gaps' (Scarbrough and Swan, 2001, p. 9).

This book provides a selection of papers dealing with fundamental issues in knowledge management. In the first part of the book, new perspectives on knowledge and learning are discussed. The second part deals with emerging issues in knowledge and innovation, since the topic of innovation comprises a core area in knowledge management. Relevant issues in managing the knowledge-based company complete our synopsis on the future of knowledge management in the third part. We hope that the present book contributes to a better understanding of future issues in knowledge management.

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