

LINKING KNOWLEDGE MANAGEMENT AND INNOVATION CULTURE FOR BUSINESS PERFORMANCE IMPROVEMENT

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Abstract

Purpose:

To gain insights on how the linkages between knowledge management and innovation culture evolve in an organisation and that facilitate in making an impact on the business performance, and propose a conceptual model that captures the relationship between knowledge management, innovation culture, and business performance.

Design/Methodology/Approach:

A comprehensive review of previous literature and document analysis using secondary data method and reference of books, journals, industry reports, statistics, and different surveys undertaken for the purpose of the study to gain insights into the evolution of the linkages between knowledge management and innovation culture and its impact on business performance.

Findings:

The study clearly establishes that once the linkages between knowledge management and innovation culture evolve in organisations, then they have the potential to achieve breakthrough performances. It is also evident from the study of one of the organisations where the linkages evolved and matured, it resulted in launching of a new line of business, an exponential expansion in product offerings, and higher profitability. Based on the initial findings the extended literature review further reinforces that such linkages also exist in IT & Non IT organisations as well.

Research Limitations/Implications:

The conceptual paper evolved from the researcher's insights and experiences in the industry though initially the idea was unclear, however as the study progressed more insights obtained that resulted in proposing a conceptual model linking the KM, innovation culture, and business performance. Similar studies using the proposed model once performed on other organisations will provide further insights and enable to overcome implementation challenges.

Practical Implications:

The literature review points out that organisations tend to view KM initiatives in isolation, and as a result, failures are more and tend to be costly for organisations. A strong business case proposed to forge linkages between KM and innovation culture, which has enormous potential to create an impact on the business performance in organisations. The leadership of the organisation can also expect more success rate with the implementation of such a strategic initiative.

Originality/Value:

Surprisingly fewer research streams are available in the literature that investigates and integrates KM and innovation culture though individually each of the aspects discussed at length in the literature, and its implication on the performance of the organisation well understood. The proposed model will enable the organisations to tread a journey of integrating KM & Innovation culture, and may ultimately lead to more innovations and better business performance in the organisations.

Keywords: Knowledge Management, Innovation Culture, Innovation, Business Performance

INTRODUCTION

Historically the development of civilisation and society was because of Quest for Knowledge (Wiig, 1997), and the same motivation may continue to remain dominant in our path and guide us to growth and prosperity. In the 21st century organisations, significant importance is attached

to knowledge and its impact on all the aspects that are governed by it (Bose, 2004). However, even today becoming a knowledge-based company is not purely accidental, and an easy journey to tread (Edvinsson & Malone, 1997). Tsoukas and Vladimirou (2001) have pointed out that "Organisational knowledge is much talked about but little understood".

Today's leaders are increasingly becoming aware of the capability of knowledge, and rightly treat it as a strategic resource for the development and they fully understand its potential to create value (Carneiro, 2000). Many of the organisation have recognised that through effective exploration, and exploitation of its core knowledge resources it is possible to gain a sustainable competitive advantage (Schiuma, 2009; Schiuma, Lerro, & Sanitate, 2008). Also, an all-around shift from the existing excessive reliance on natural resources to intellectual assets is clearly visible in organisations (Hansen, Nohria, & Tierney, 1999). These developments suggest that as the organisation enters the new era of knowledge economy, the implementation of an efficient and sound KM strategy becomes a mandatory condition for organisations if it wishes to harness the new source of resources (Davenport & Beck, 2002).

In a global survey administered by the reputed management consulting firm Booz & Company, it emerged that the financial performance of the top 10 innovative companies happens to be far more superior than the top 10 R&D spender companies. Moreover, the same survey's finding also suggests that less than 50% of the surveyed company's innovation strategy and its prevailing culture are not in alignment (Barry, John, & Richard, 2011). Davenport and others suggested that if the firms want to enhance its capacity to manage knowledge effectively, then it is possible only through organisational culture (Davenport, De Long, & Beers, 1998; DeLong & Fahey, 2000). Further, by effectively promoting organisation culture, the organisations can witness the smooth implementation of knowledge management initiatives, enables it to develop a shared organisational vision and ultimately that also stimulates continuous innovation across (Gold, Malhotra, & Segars, 2001; Davenport *et al.*, 1998).

Though the literature clearly points to a well-accepted notion that the culture plays a positive role in effectively managing knowledge, however, more insights are required for better understanding (Davenport *et al.*, 1998; DeLong & Fahey, 2000). Further, King and Marks (2006) have pointed out that relationship between culture - KM is not so straight forward. It is also evident from the various other studies that strong innovation cultures of a group significantly and positively affects the innovative capacity (Hurley & Hult, 1998). In the recent past academic & industry practitioners have shown greater interest towards innovation and on the effects of innovation culture on organisation's performance (Govindarajan & Trimble, 2005; Hamel, 2002; Hammer, 2004; Senge & Carstedt, 2001). However according to Hansen and others, the KM is still emerging as a practice and the organisations lack much of the needed insights & successful models for adaptation and use (Hansen *et al.*, 1999). The researcher attempts to bridge this gap through this paper and attempts to find answers to the research

question "How the linkages between KM & Innovation culture enhanced business performance in successful organisations."

LITERATURE REVIEW

Knowledge Management and Innovation Culture

The review of literature points out that though extensive management research is carried out on organisational culture, however, its relationship with knowledge management system is yet to be explored sufficiently (Ciganek, Mao, & Srite, 2008). Some studies that investigated issues of KM concluded that corporate culture played a vital role in making knowledge sharing and exchanges successful/unsuccessful in the organisations (Rhodes, Hung, Lok, Lien, & Wu, 2008; Zhang, Faerman, & Cresswell, 2006; Leidner & Alavi, 2006; Kim & Lee, 2006; Chong & Choi, 2005). According to DeLong and Fahey (2000), the culture can facilitate organisations to achieve their business objectives, and is also recognised for making an influence on knowledge management, thus pointing to the crucial role culture plays in managing knowledge.

Organisational culture refers to shared assumptions, values, and norms (Schein, 1985); the culture means different things to different people and needs to be viewed more as a sustainable strength within the organisational context (Schein, 2004). Barney and other researchers advocated that firm's culture as "a complex set of values, beliefs, assumptions, and symbols that define the way in which a firm conducts its business" (Barney, 1986, p. 657). In reality, organisational cultures take shape depending on the organisational dynamics, structures, and decisions taken by individuals and groups exposed to consensus, disagreement, and the culmination of various perspectives (Martin, 2002). Further, the culture can be viewed as "a variable" that is unique, strong, and possible to nurture in organisations (Smircich, 1983, p.439). The organisational culture is also considered to be a major hindrance to the acceptance of knowledge management systems in organisations (De Long & Fahey, 2000; Grover & Davenport, 2001; Ruppel & Harrington, 2001). It has emerged that though the organisation culture is considered important in the realm of knowledge management, however still deeper understanding required on how to develop a culture that is conducive to KM (Oliver & Kandadi, 2006). Davenport advocates that for the success of KM initiatives deployment of two-thirds of a firm's efforts towards organisational and cultural issues are required (Davenport, 1997). Also some estimates points to fewer than 10% of organisations that tried to implement KM were only successful in creating a conducive culture that support such an initiative (O'Dell, 2002).

In the past, the organisational sciences researcher's focus has been to study the role catalytic role culture played to enhance functional capabilities, and that of how it even emerged as a key driver for effectiveness (Schein, 1983, 1984, 1985; Yilmaz & Ergun, 2008). Further, it is pointed out that by embedding innovation into the organisation culture, and in management processes, the organisations can certainly expect impressive gains (Syrett & Lammiman, 1997; Tushman & O'Reilly, 1997). Herkema defines innovation as a knowledge process aligned to develop new knowledge, which facilitates value creations and efficient business solutions (Herkema, 2003). Tushman and O'Reilly consider organisation culture central to innovation, and along with others have pointed out that, the way organisations make use of structures, practices, and procedures, common artifacts, and communicates value proposition that itself may lead to some positive impact on creativity and innovation.

Sharifirad & Ataei (2012) have put forward a simple analogy to gain a better understanding of innovation culture, according to them innovation is like a seed that requires a fertile and cultivated land in the form of organisation culture. Dobni and others have recommended further study of the innovation culture's effect on performance, as this area lacks sufficient empirical research in the literature (Dobni, 2008). Also, the literature suggests that the academic and industry practitioner's interest has increased on the effects of innovation culture on organisation performance (Christensen & Raynor, 2003; Govindarajan & Trimble, 2005; Hamel, 2002; Hammer, 2004; Senge & Carstedt, 2001).

Julia and Naranjo also advocated that even though much of the importance attached to culture as it is emerging as a key stimulant for innovation. However, only a few studies directly pointed to a strong link between KM and innovation culture, and this aspect also lacks empirical research, and the available few research studies have targeted and analyzed particular aspects of cultural characteristics (Julia & Naranjo, 2011). Further, on scanning the literature so far the researcher came across only one reference to a study on linking open innovation with innovation culture that too with specific reference to a specialty chemical industry (Herzog, 2011). Thus leaving an enormous gap in understanding how successful companies have tread the journey of establishing the linkages between knowledge management and innovation culture and that facilitated in achieving economic prosperity in some of the organisations.

Impact on Business Performance

Hamel argues, "Your company will be challenged to change in a way for which it has no precedent" (Hamel, 2006). In an era of fierce competition, companies are now compelled to look beyond the traditional business model of operating and at the same time forced to revisit and become innovative for

the purpose of survival and success (Xu, Houssin, Caillaud, & Gardoni, 2010). In one of the studies, it was established that in some of the most successful firms, as much as 75% of the revenue is generated by the introduction of new products/services that did not even exist five years ago (Smith, 2006).

Today many organisations even highly value and consider knowledge and innovation as an important part of their strategy and are aggressively pursuing it, they also view it as an essential source for sustaining competitive advantage in organisations (Nonaka & Takeuchi, 1995). Earlier studies points out that when KM practices deployed in the organisations they are positively associated with organisational performance qualitative (Davenport & Prusak, 1998; Nonaka, 1994; Massey, Montoya-Weiss, & O'Driscoll, 2002) and also quantitative (Choi & Lee, 2003; Darroch & McNaughton, 2002; Lee & Choi, 2003; Schulz & Jobe, 2001; Simonin, 1997; Tanriverdi, 2005). Davenport and others have also argued that though knowledge management has the potential to bring in direct economic benefits to the firm through saving or earning money. However, a more perceived view seems to be that it has an indirect impact on financial performance of the firm (Davenport *et al.*, 1998).

According to Davenport and Prusak, the practice of knowledge management is focused on processes and mechanisms for locating and sharing useful knowledge, and if this processes effectively utilised then, organisations can see an improvement in performance (Davenport & Prusak, 1998). In a similar context organisation's ability to share internal best practices is also equally important for overall organisational performance (Szulanski, 1996). Further, when organisation exploit external knowledge, it enables them to drive crucial new product innovation (von Hippel, 1994), and ultimately it impacts the organisation performance in general (Sher & Lee, 2004). Moreover, today the main reason for the knowledge management practices gaining prominence in the organisations is due to the positive impact felt on the bottom line (Andreeva & Kianto, 2011). The knowledge management also enhances economic value in the firm by various other means like accelerating innovation and structural agility; shortening of cycle time; creating a knowledge-friendly culture and low attrition (Demarest, 1997).

A recent study of The Global Innovation 1000 raises a fundamental question on the disconnect that exist between corporate culture & innovation strategy in many of the organisations, even though the study also established that its inherent ability to promote innovation is the most important driver for increasing profitability & growth in organisations (Dobni, 2010). The other studies points to the common notion suggesting KM as an originator of organisational performance (Zaim, Tatoglu, & Zaim, 2007). Some also advocate towards rising of knowledge and intellectual capital as key sources of value creation, in contrast to the

past when tangible assets such as land, machinery, and equipment accorded more importance (Nonaka & Takeuchi, 1995; Davenport & Prusak, 1998).

Some other studies have also pointed to KM's direct link with various aspects of firm's performances, like KM and financial performance measures are positively linked (Tanriverdi, 2005), to non-financial performance measures that could be in terms of improvement in quality (Mukherjee, Lapre, & Wassenhove, 1998), to innovation (Francisco & Guadamillas, 2002). Also to productivity improvement (Lapre & Wassenhove, 2001), and improvement in project performance by adopting KM processes (Nagesh, 2015). According to Kalling, KM focuses on building a strong link between knowledge and performance (Kalling, 2003). Earlier Davenport and Prusak have also pointed out that when adopting the practices of KM i.e. by locating and sharing useful knowledge, the organisational performance improves (Davenport & Prusak, 1998).

It is evident from the literature review that culture is perhaps the most influential factor in promoting or inhibiting the practice of KM (Davenport *et al.*, 1998; Lee & Choi, 2003). Also, culture orientation towards KM & Innovation has emerged as a factor for better technological performance (Donate & Guadamillas, 2010). Koulopoulos and Frappaolo have pointed out that organisations may continue to build tools and functions related to KM, however if a supportive cultural environment is missing, then it cannot achieve any success (Koulopoulos & Frappaolo, 1999). Further, it is to be acknowledged that the innovative organisations have unique organisational characteristics, and operate differently than most of the non-innovative companies (Subramaniam, 1996). The researchers have also pointed out that sufficient studies are still lacking in the area of innovation culture's effect on performance (Dobni, 2008). Further argued that KM practices towards innovation are positively related to innovation culture, and this linkage also impacts firm's performance in a positive way, but no empirical studies available so far to substantiate the same (Lemon & Sahota, 2004).

METHODOLOGY

Exploratory research focuses on unstructured and not well-understood problems that aim to uncover and better comprehend the nature of the phenomenon of interest and develop knowledge in that area (Ghauri, Gronhaug, & Kristianslund, 1995; Sekaran, 2003). The Document Analysis using secondary data method and reference of books, journals, industry reports, statistics, and different surveys were carried out. 3M is a well established innovative company and a Global Most Admired Knowledge Enterprises awarded organisations (GMAKE, 2011), and one of the most successful and innovative organisations at the forefront

of knowledge management initiative implementation considered for the initial phase of the study. Further followed up with an in-depth literature review to ascertain the presence of such a linkages in other organisations. Also, for the purpose of the study considered the following working definitions:

- Innovation culture defined as an organisation-wide shared basic value that supports innovation, organisation-wide norms for innovation, and perceptible innovation-oriented practices (Herzog & Leker, 2007).
- Business performance defined as an achievement of organisational goals related to profitability and growth in sales and market share, as well as the accomplishment of general firm strategic objectives (Hult, Hurley, & Knight, 2004).

RESULTS

Brian in his study of 3M points to an interesting finding that many companies tend to look at 3M as more of a reservoir of innovation practices, thus leaving behind an understanding of the philosophy and values that are underpinning them. However at 3M, the people have truly recognised that "to maintain a climate in which innovation flourishes may be the single biggest factor overall" (Brian, 2005). Adam also pointed out that knowledge management is viewed more of a cultural and organisational issue than a technological at 3M (Adam, 1998).

Though more than a century ago 3M was founded and at inception it faced many crises. As a result, any normal company would have been easily wiped out. However from its struggle to survive and perseverance its core values evolved, and later other values got embedded in it. Over the years it acquired the status of "The Ten Most Admired Corporation," and in one of the polls conducted by Fortune magazine on American CEOs, it emerged that though most of the other companies find it hard to bring in an entrepreneurship spirit in their employees. However, when it comes to 3M, it was naturally able to do it again and again and easily considered a benchmark standard for others (Bartlett & Mohammed, 1995).

According to Brand, 3M has for long nurtured an objective to be a most innovative company in the world and to remain innovative in this competitive landscape, an efficient use of knowledge management is a must, and requires a unique environment to flourish, and it is also becoming an essential condition. However at the core 3M encourages 'tacit to tacit' exchanges with a belief that if it can make it functioning in the organisation, then the other aspects of KM will fall into place by itself. Essentially 3M views KM as more of a cultural and organisational issue rather than a mere technological initiative (Brand, 1998).

Over a period of time, 3M successfully cultivated linkages between knowledge management and innovation culture, and rightly “3M defines knowledge management as a central competency that enables every corporate initiative, business process, and individual employee to maximize customer satisfaction, sustainable profitability, and growth” (APQC, 2002). Further, for more than a century 3M nurtured the culture of creativity and new ideas (3M, 2010), and this resulted in forming the unique linkages that enabled it to achieve the coveted position for itself and breakthrough performances. Fortune magazine described it as “a kind of corporate petri dish that fosters a culture of innovation.”

Linkages between KM & Innovation Culture

According to Schein, the organisational culture consists of a set of basic assumptions that have developed as a consequence of the organisation’s attempts to adapt to internal and external problems (Schein, 1992). Culture also reflected in values, norms, and practices and all are interrelated. However as the organisation matures values gets manifested into norms and, in turn, they take the form of specific practices, and

the practices portray visible symbols and true manifestation of a culture that often becomes repetitive behaviour in the organisation (De Long & Fahey, 2000).

Legendary McKnight, who had risen from a position of an assistant bookkeeper to the rank of President and CEO, was instrumental in installing the vision, ethics and values that remain intact and his management philosophies and tenets enshrined and famously known as McKnight principle in the workplace and culture. That essentially resulted in the manifestations into the linkages between KM and innovations culture led to breakthrough performances (Bartlett & Mohammed, 1995), also evident from the exhibits presented below:

Linkages between Acquisition/Creation and Value

“The first key issue the company faced was failing to make quality sandpaper. They could have given up and gone under. It is incredible that they persisted and looked beyond a short- term vision of success.” Dick Lidstad, retired Vice-President, Human Resources.

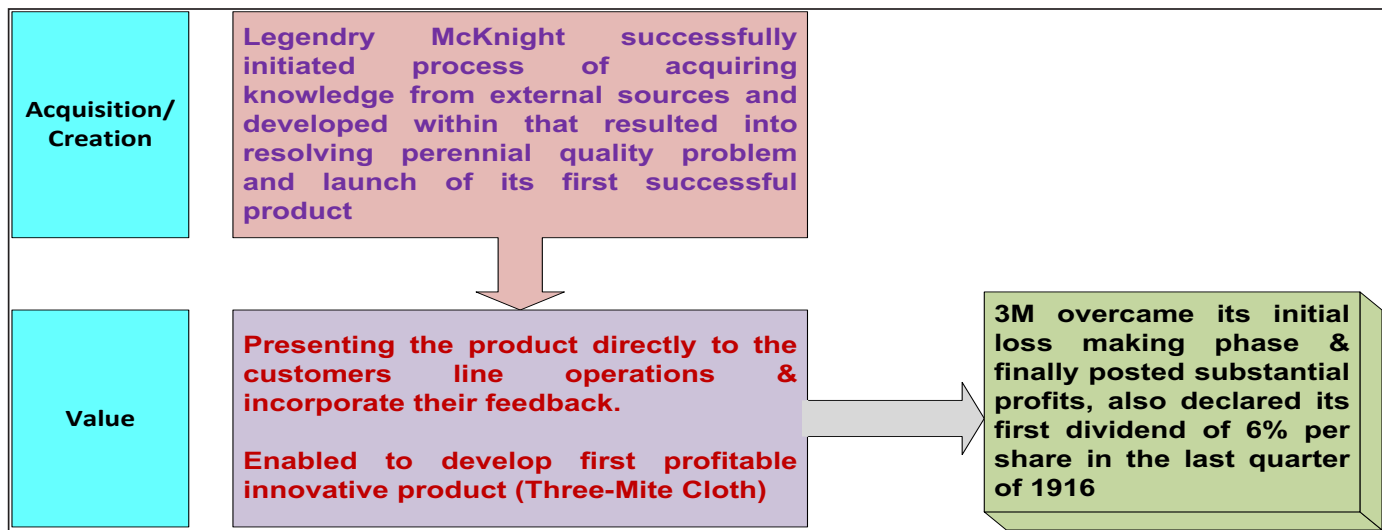


Fig. 1:

Linkages between Acquisition/Creation and Practices

“Annual investment in R&D in good years— and bad—is a cornerstone of the company. The consistency in the bad

years is especially important.” David Powell, Vice-President, Marketing.

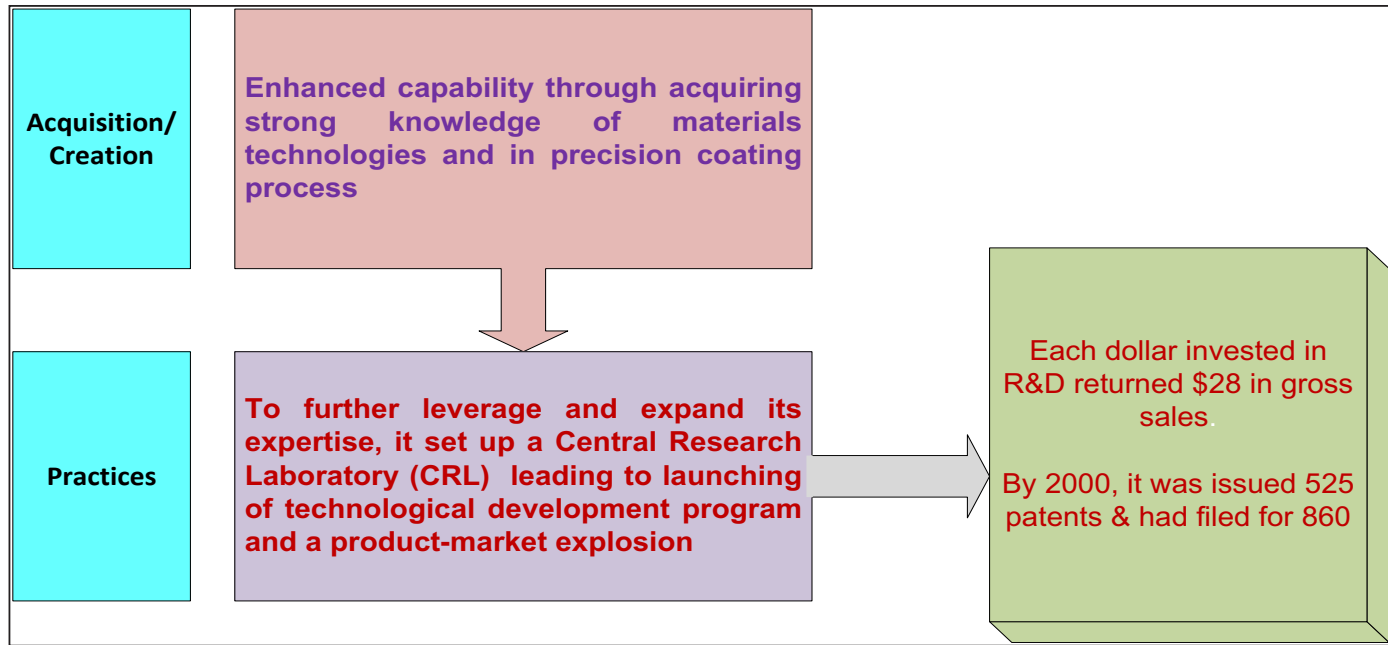


Fig. 2:

Linkages between Storage and Practices

“You have an idea, you take this idea, and you pull all the things that need to come together and it is called ‘believing.’

Innovation boils down to conceive it, believe it, achieve it.” Leon Royer, retired Executive Director, 3M Leadership Development Center, Human Resources, formerly a Technical Director.

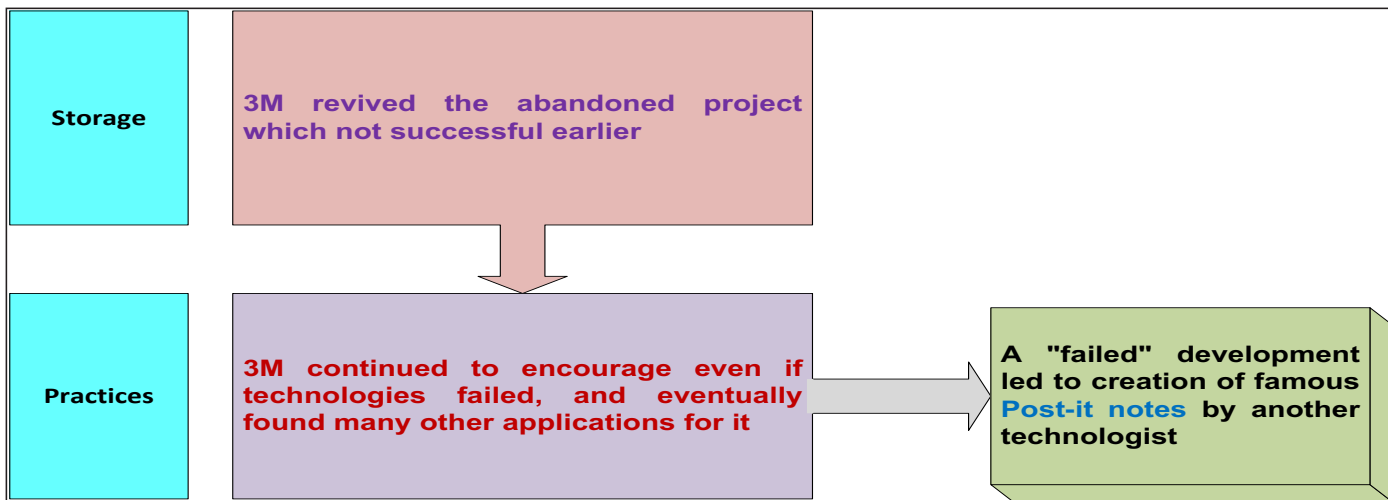


Fig. 3:

Linkages between Sharing and Practices

“The forum built morale and respect among colleagues. It got people talking-young with senior, basic scientist with

applied technologist, experienced or famous with people new to the company. Pride in being a 3M technical person often began right there.”Roger Evans, retired Research Scientist.

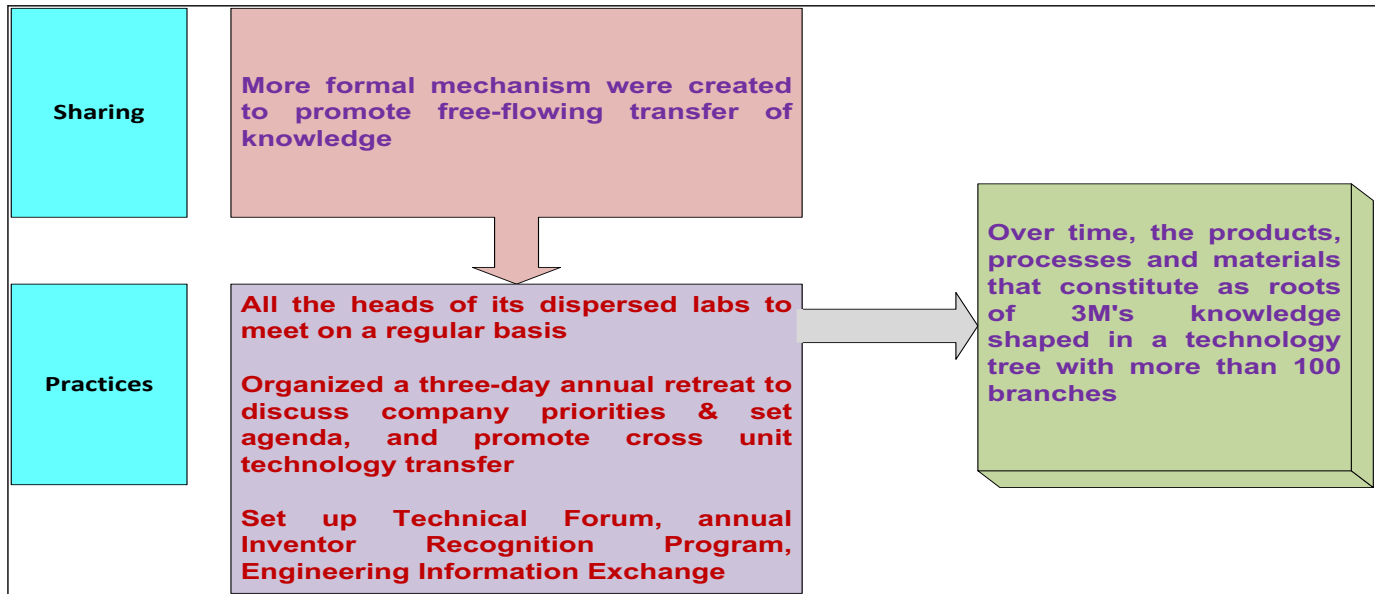


Fig. 4:

Linkages between Application and Practices

“You have the freedom at 3M to maneuver things to your benefit if you want to take advantage of it. Some things will

not work, so you fail once in a while, but that is a lot better than the cost of a missed opportunity.” Les Krogh, retired Senior Vice President, Research, and Development.

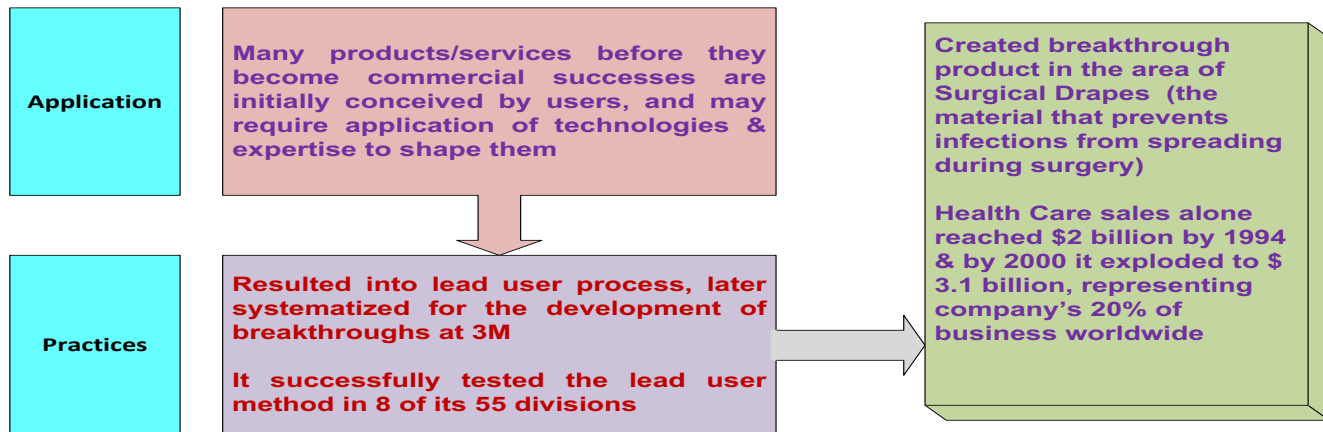


Fig. 5:

Linkages between Sharing and Practices

Rather than protecting what they knew, 3M employees shared knowledge. “I saw openness and a spirit of extensive

cooperation that helped people get things done” Bailey, American Lava, a 3M subsidiary.

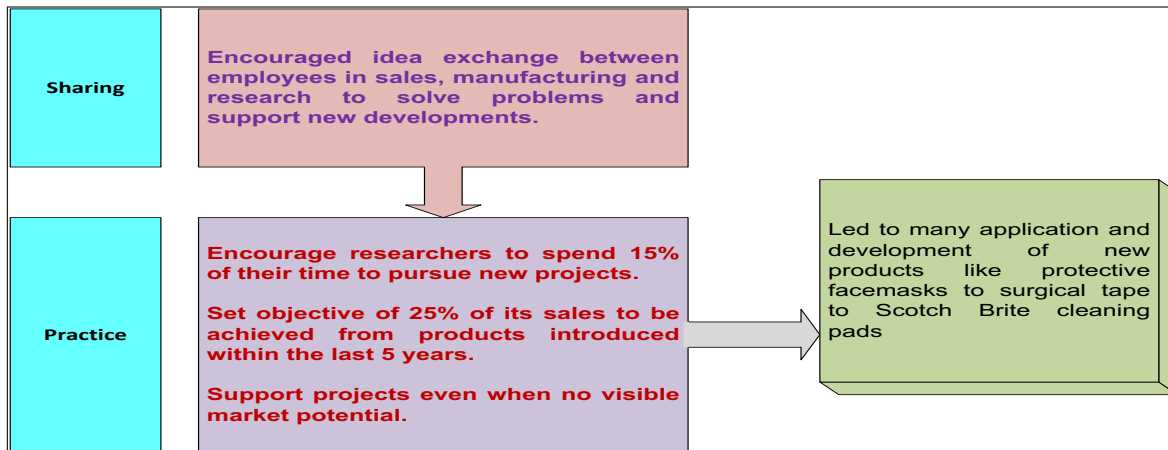


Fig. 6:

Summary of the Findings

Davenport rightly pointed out that organisational and cultural issues require two-thirds of a firm’s efforts (Davenport, 1997). According to Webster, Vice President of R&D, 3M has successfully adopted key practices to infuse culture, guiding principles and the desired behaviour in the company (Bartlett & Mohammed, 1995). These are also evident from the in-house practices - encouraging freedom and individual initiatives, access to several technology platforms for providing customer solution, leverage and combine multiple technologies, customer focus and encouraging them to recognise customer needs much before others, and continuously reminding them that everyone is a business builder. Further, this makes everyone at 3M feel responsible to the team that to across the organisation, and working in such an environment continuously stimulates

them to develop and sell profitable products/services, and that ultimately delights the 3M’s customers (APQC, 2002).

Long & Fahey had earlier pointed out that as the organisations mature the manifestations of values to norms and finally to practices may be well evident. 3M is no exception, an organisation with the history of a cherished existence of more than a century and clearly matured over the years, and hence, most of the cultural manifestations that have emerged are now established, embedded, and matured as practices. The study clearly demonstrates how it is possible to achieve breakthrough performance by the linkages between knowledge management and innovation culture. It is also further evident that the linkages hadled to the launching of a new line of business, exponential expansion in product offerings and higher profitability. The findings are summarised below:

Summary- linkages of KM & Innovation Culture and Its Impact Business Performance



Fig. 7:

“Every company seeks the keys to innovation, but few find them. Over the decades, 3M learned how to be innovative and today the company uses that skill to great competitive advantage.” - Jerry I. Porras, Co-author, Built to Last.

complex journey that enabled it to emerge as one of the most innovative companies. A similar literature scan was carried out to ascertain the presence of such linkages, and its impact on other organisations, the outcome from LR presented Tables 1, 2, and 3, further reinforces the same findings.

Further Evidence of Linkages from the Literature Review

The study of 3M presented above provides insight on how the organisation faced the challenges and managed the

Table 1: Literature Review-Linkages of KM and Culture and Its Impact on Performance

S.No.	References	Knowledge management	Cultural manifestations	Impact on performance
1.	(Tseng, 2010)	Knowledge Conversion	Adhocracy culture (risk taking & entrepreneurship)	Positive impact on corporate
2.	(Cavaleri, Seivert, and Lee, 2005;Davenport and Prusak, 1998)	KM practices	Behaviour (organisation learning)	Improvedorganisation performance
3.	(Donate and Guadamillas, 2010)	KM & Innovation	Supporting Values (creativity, interactions)	Positive impact on technological results
4.	(Hackett, 2000)	KM efforts	Use and contribute	Positive impact on organisational success
5.	(Alavi <i>et al.</i> , 2005; Davenport et al., 1998, DeLong and Fahey, 2000; Lee and Choi, 2003; Leidner and Alavi, 2006)	KM activities	Sharing behaviour	Positive impact on firms performance
6.	(Migdadi, 2009)	KM processes	Organisational cooperative Behaviour	Organisational performance
7.	(Nold III, 2012)	KM processes	High level of trust, pride & camaraderie	Improved operating results

Table 2: Cases of Best Practices on Linkages of KM and Culture and its Impact (Non-IT Organisations)

S.No.	Company	Knowledge Management	Cultural manifestations	Objective/outcome/results
1.	Dow Chemicals	Emphasis on intellectual assets management (patent archive)	Encouraged working with business units to weed out portfolio	Saved more than \$ 1 million in 18 months
2.	Toyota Motor Company	Identify & share creative ideas & best practice (Suggestion systems)	Screening & evaluation of suggestions from individuals and team	Results in direct & indirect benefits
3.	General Electric	Knowledge transfer through personnel rotation	Institutionalised system to send people to other organisation for studies	In one of such study, GE Appliances was able to reduce cycle time by 75% from order receipt to finished goods, and reduced inventory by \$ 200 million
4.	AstraZeneca	Contribute, publish & share information	#Facilitate higher level of communication with its global workforce #To replicate organisational learning in multiple facilities	#Experienced increase in the productivity by leveraging of lessons learned & best practices #Shorten development time
5.	Monsanto	Knowledge sharing of past experiences	#Encourage interactions of people and information #Engagement of the collective intellect of people	#Enabled to reduce the launch of new product to market from 11 to 8 years #Enhance individual effectiveness & overall performance improvement

Source: (Best Practices LLC, 2004)

Table 3: Cases of Linkages of KM and Culture and its Impact (IT Organisations)

S.No.	Company	Reference	Knowledge Management	Cultural manifestations	Objective/ outcome/result
1.	Accenture	(Meister & Dav-enport, 2005)	Knowledge & Resources channel (search, browse & collaborate)	#Culture that believes in reuse #Inherent belief in the value of KM	#Lower impact of knowledge drain #Turn knowledge into valuable intellectual property
2.	Infosys	(Indu, 2006)	Knowledge dissemination through a central system	Leverage through organisational learning	In an internal survey 80% of project manager believed team performance, productivity & quality of work has improved
3.	EDS - Texas-based IT services Company	(Best Practices LLC, 2004)”	Focus on knowledge asset management	Incorporated in strategic planning process & encourages cross – disciplinary teams	Enabled to focus on achieving long-term targets
4.	Hewlett-Packard	(Best Practices LLC, 2004)	Knowledge sharing workshops	Encourage culture of collaborations, and informal networking	#Facilitation of best practice knowledge sharing #Management framework for knowledge exchange #Establishment of a common language
5.	IDS Financial Services (subsidiary of American Express Co.,)	(Best Practices LLC, 2004)	Knowledge storage - codified the expertise of its best account managers	Encourage its planners to utilize expertise through the software called “Insight	In four yearstheclient dropout rate reduced by 50%.

A MODEL LINKING KM AND INNOVATION CULTURE FOR BREAKTHROUGH PERFORMANCE

The Global Most Admired Knowledge Enterprises recognizes “organisations that are creating shareholder/ stakeholder wealth by transforming new as well as existing enterprise knowledge into superior products/services/ solutions”(MAKE, 2013). One of the empirical studies based on the matched-sample-comparison-group method (MSCG) that involves analytical comparison of the levels of some variables under investigation for two samples spanning a period of interest (Megginson, & Weiss, 1991) was conducted on a treatment sample of firms (winner) with superior KM performance & MAKE awarded firms, taken along with a carefully selected control sample of firms (control) that matched to the treatment sample by size and type. An interesting and significant finding that emerged from the study points to a direct link between KM performance and profitability performance in the winner firms (Holsapple & Wu, 2011).

The study and the analysis presented so far provide an insight on how in the organisation the linkages between knowledge management and innovation culture evolved and that facilitated in some breakthrough performances. Further evidence gathered from the literature review once again reinforces the same findings, and the evidence from the LR

establishes that such linkages are even present across IT & Non IT organisation. Based on the findings the researcher has proposed amodel that emerged from the study andis presented in Fig.8.

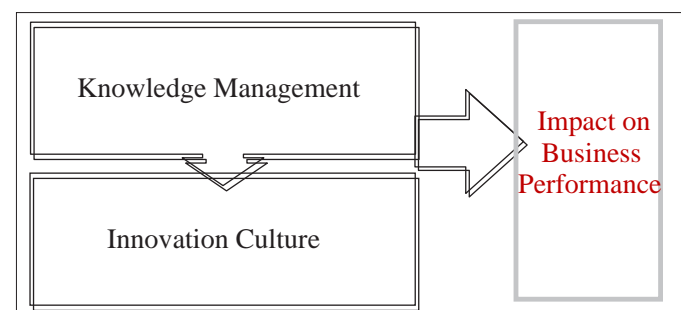


Fig. 8: Model Linking KM & IC for Business Performance Improvement

CONCLUSION

Today the failure of KM projects have increased, one estimate suggests that 84 percent of KM initiatives provided no significant benefit to the organisations while they have ventured into a journey of adaptation (Lucier & Torsiliera, 1997). However, in recent times organisations have also witnessed a rise in knowledge management projects and investments in such initiatives have grown multifold

(Ithia, 2003). In reality nurturing a culture that values and encourages, sharing of knowledge is one of the biggest challenges for any organisation (Amidon, 1998). According to Devenport and others, the knowledge by itself does not produce value, what matters now is that how organisations effectively control and use knowledge depends on its KM capabilities (Davenport *et al.*, 1998; Soo, Devinney, Midgley, & Deering, 2002; Leonard-Barton, 1995).

Back in 1950s Peter Drucker coined the term knowledge workers (Acsente, 2010), and innovation and creativity were considered the hallmark of knowledge workers (Amabile, 1997; Amabile & Kramer, 2007; Kanter, 2000; Higgs & Hender, 2004). Bill Gates once described that a new type of work that has emerged also referred as “thinking work” – through blending a business’s processes and corporate culture with the enabling technology to foster an innovative environment (Conway & Slinger, 2002). 3M and few other organisations have mastered this art and are reaping the benefits.

The current study clearly establishes that the organisations do not need to view knowledge management in isolation or a standalone initiative, and linking of knowledge management with innovation culture is a sure way to improve business performances. The researcher believes that from the insight gathered from the study and with the implementation of the proposed model in the organisations, the success rate may increase substantially. Also, further research in this direction by testing of the model in different organisations may provide more insight into how organisations can overcome the challenges of managing intellectual capital for greater benefits. In the past as quality was embedded in most of the firm’s culture, soon organisations may also witness knowledge management getting ingrained (Davenport & Prusak, 1998).

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