

Knowledge Management and Value Creation Strategies

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ABSTRACT

Due to the diversity of companies and organizations working missions as well as wide range of activities and procedures related to their work, finding a method that meets all their needs and their intellectual capital is very difficult or inaccessible. Currently, the management of knowledge raised as a strategic need for the institutions, organizations and companies. Knowledge management ensures long-term advantages for organizations and communities, as well as use of human capital, ideas and information. Knowledge management is an approach that can be implemented by the management of the organization with little flexibility and leads to competitiveness in the future, leading in new products and services, conquering new markets, creating new markets and it can prevent losing the knowledge assets.

KEYWORDS: Knowledge management, strategies for value creation, intellectual capital, creating value

1- INTRODUCTION

Today, knowledge is discussed as one of the most important driving forces for the success of the business. The focal point of reliance and strengths of organizations and companies is inclined from focusing on physical force and physical assets toward intellectual forces. Information technology, information society formation, growth and the rapid development of high technologies, especially in the field of communications, information technology and new technologies of the 1990s, have faced the pattern of global economic growth with major changes. Because of these developments, financial and physical capital in the global economy has been replaced by knowledge as one of the most important assets. Hence knowledge management strategies through which we can achieve more success, is gaining more interest and attention. Value creation is a Keyword in knowledge management. With enjoyment and pushing knowledge management strategies toward it, to see a dramatic change in business of organizations and companies is expected and will not be too far-fetched.

2- The concept of knowledge management

The structure of knowledge that organizations should operate under the influence of trends in the context of the knowledge, such as information explosion, the specialization, the globalization of knowledge, and so on, by the effectiveness of this process, the concept of knowledge management as an attempt to adapt and changes in their environment, have been proposed. There are different definitions of the term knowledge management in experts papers, some in a general perspective considered knowledge management as a process that helps organizations to identify, select, organize, distribute and transmit the information and expertise (that are all part of the institutional memory of the organization which are often unstructured) [1].

Silvia Massa et al, have defined knowledge management system as "to make possible the process of knowledge, a certain order and arrangement of technology, organizational and managerial options need to be designed which is called knowledge management system [2]. Knowledge management is policies, strategies and techniques that support the organization competition with optimizing and improving the efficiency as well as innovation and cooperation between staff, [3]. Knowledge management is all the systematic activities that can be applied to create and share knowledge so that results in good business and the success of the organization. Of course, good results depend on the importance of the organization [4].

3- Knowledge Management, an undeniable necessity

Nowadays, the present and future success in the competition between companies and organizations slightly is based on physical and financial resources but more focused on knowledge management. Therefore, one of the most important duties of the leader of the organization is to create a favorable environment for the development of knowledge management and its implementation. To put it more clearly, the challenges that managers are facing currently is to prepare the ideal environment for the growth and development of the human mind in the knowledge-based organization. Therefore, the most basic skills for managers of knowledge-based organizations is "knowledge management". However, unfortunately, since the nature of knowledge is intangible and it cannot easily be analyzed by common and traditional management styles, there is the risk of "forgetting" the knowledge and other intangible assets of organization for managers. To create value, organizations should focus on how to use knowledge in order to create excellent opportunities and extraordinary capabilities to organize their jobs. Usually a small number of employees speak about knowledge

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management and fewer know exactly what you can do with your current affairs regarding knowledge-based issues. There are different approaches for knowledge management, which can increase the ability to innovate, accountability and consistency to promote the traditional organization to knowledge-based organization [5, 6].

Knowledge management is still a relatively young field, and new concepts are constantly emerging in this area. Most of discussions in the organizations that are at the beginning of the path and the renaissance period, are prescribed to be implemented in the organization. However, perhaps these prescribed versions prepared for special organization and conditions are not useful for everyone. Based on a survey we can say that managers only use 20% of knowledge in their organizations. In fact, right and proper utilization of knowledge-based business environment in many countries, calls for a new model and approach that includes intangible factors in the organization. In this emerging situation, "intellectual capital" in the organization should be formed with the participation of staff and the establishment of knowledge management [7].

4. The impact of knowledge management strategies on value creation

Having strategic thinking makes manager capable of understanding and identifying agents for achieving the desired objectives of the organization and allows him to know which factors are effective in the development of programs and how these factors will create value for the customer. This insight to affective factors of value creation, makes the ability for judgment, planning and provides bargaining power. Without this recognition, consuming material and non-material resources of the organization to achieve success will be useless. This is a correct sentence: If you do not recognize the fundamental issues, under physical and psychological stress, the results will be confusion and failure. We can clearly say strategic thinking is not to predict the future. Strategic thinking is timely recognizing the diagnosis and effective characters in the competition and seeing the opportunities that competitors are unaware of it. Although making the organization knowledge-based is inevitable, and one of the requirements for today's leading organizations is effective implementation of it, but in the absence of strategic thinking in the field of knowledge management and the lack of serious and major strategies to make benefit of this tool, we cannot expect significant efficiencies for the organization. perhaps establishing the knowledge management instead of improving the organization, cause disorganization and confusion which the organization has never experienced before this situation [8]. Value creation for organizations employing the knowledge management strategies is possible. Knowledge itself has merit, and value creation by combining strategic thinking and knowledge-based organizational activities will be great. Questions Such as how organizations create value from this unique advantage to continue their success? And how can management be effective applying its strategies in this situation?

5- Value creating organizations and knowledge management strategies

A value creating organizations leads knowledge non-parallel for its customers in order to make them meet unforeseen challenges. The non-parallel leadership of knowledge means to maintain the competitive position of the organizations in the field of creation and access to business knowledge, which at the sensitive and challenging situations can lead one to other in the field of production of goods or services. Using the value creation skills to improve customers understanding of working conditions and services in an organization at long-term results in customer loyalty and commitment to the organization. The ongoing challenges make such organizations constantly study and research to find new ways to meet the needs of the customer. In this way, the organizations strengthen their knowledge capacity and this increases reliability with its customers. Improving the performance, productivity, increasing the production capacity and employee satisfaction, all are other goals that a value creating organization should follow to be successful. Therefore, these organizations are mostly under the interest of wholesale and retail customers because these organizations to prioritize things that interest them. In addition, being customer-oriented and providing services based on the needs of each audience are unique advantage that distinguish them. Value creating organizations can offer mechanisms and frameworks needed by clients and their customers in the form of software packages. Thus, formal knowledge becomes practical knowledge of these customers and will lead to customer loyalty and profitability to the organization [9, 10].

Knowledge management is complex and multi-dimensional and includes almost anything that organization use them to makes knowledge available in business. For example, the implementation of key information systems and processes, financial rewards to motivate staff to stimulate business with new knowledge. Effective management of knowledge requires the combination of many elements - technology, human resources, organizational structure and culture in order to ensure that there is knowledge in correct form and at good time. Many companies have developed internal networks and shared databases and other technological systems such as: DSS, ESS, etc. and implemented them, , but largely ignored organizational culture issues in the utilization of these techniques. These issues affect the behavior of individuals in using the knowledge and its usefulness. Therefore, these companies have observed little improvement in the ability to manage knowledge [11]. Organizations often implement new technologies and then realize that culture and behavior change slowly. Therefore, careless introduction of methods and approaches to the public, challenges managers who do not have much information on how to shift to a knowledge management system. This ambiguity is ultimately responsible for the difficult distinguish of relationship between capital and knowledge management business value. To help these managers, frameworks have been created to relate specific strategies of knowledge management to specific challenges the company or organization is facing. Knowledge management framework is based on the premise that the main focus should be on the use of knowledge to make critical abilities which organization needs to be successful. For example, increased information about customer preferences and the audience can guarantee success rate of the goods or services. The framework becomes operational with the evaluation and classification of approaches that are done in central

processes. It has two dimensions. First dimension is domestic dependence or the degree of cooperation and interaction between individuals and organizations, and the second is the complexity of the work, the degree to which the employee is required to judge and the types of information he needs to interpret [12]. Using these two factors, four categories can be recognized that can be interpreted as business models or value creation strategies:

- Transaction model, in which there is a low degree of dependence and complexity. Usually routine and very dependent on the official rules, procedures, and training that is dependent on labor, which has too low caution.
- Integrated model, where there are a high degree of dependency and low degree of complexity. Work is systematic, repetitive, and dependent on processes, methodologies and formal standards.
- Professional model, where there is low dependence and high complexity. Requires judgment and is dependent on the functions of local and indigenous organizations.
- Cooperative model, where there is a high degree of dependence and complexity. Needs the initiative and practical learning. Dependent on the expertise using flexible teams.

In general, design and draw of a strategy can be divided into one of four above written categories. For example, supply chain management and purchasing will be categorized under integrated model. This process is often routine work; activities need several organization and operations. In comparison, marketing and financial management, are within professional models, which require people to operate in an applied field to solve problems for unpredictable issues in order to exercise their judgment. However, it should be noted that there are no direct and firm relationship between the main strategies and a model and specific business process, because the strategy can be done in different ways. Again, for example, selling can be related to people in their domestic territories (professional model) or the multi-purpose providers who worked closely with a client to maintain retail stores (integrated model) [13]. Therefore, the key point is to understand how to do the work; it is the nature of work that determines the appropriate approach and strategy for successful knowledge management. In the professional model, organizations often need to focus on the results of its performance. To this end, organizations and companies must cope with issues like attraction and motivating the talented people and overcoming lots of information. Challenges related to transactional model, are about the need to develop knowledge and ensure consistent performance [14]. Therefore, knowledge management strategies may be using institutional equipment that place knowledge in information systems or perhaps making the process routine and improving the process, where knowledge is created and the policies and practices of the teaching staff in order to standardize the behavior is performed. In the integrated model, which aims to coordinate activities in different parts of the organization, managers can employ standard processes and methodologies that integrate efficiency or it may use simpler criteria that focus on the use of multi-functional teams, common goals and feedback systems. In professional model, knowledgeable and skilled people attendance is important. Managers may benefit from the synergy of the company or other partner organizations, to properly use the efficiency or focus on activities in the organization, which create synergy and knowledge. In cooperative model, challenges are around innovation, and the choices can be applied learning strategies where, exploration is encouraged by shifting the vision of organization, or they can be science communication strategy, which focus on learning through the development of consortium and outsourcing contracts. This framework makes it possible that all elements of the system, address knowledge management as an approach and strategy beside the operations of human resources and organizational culture [15].

6- Conclusion

Knowing the business model of the main processes utilized in the organization is important because each model includes specific knowledge management strategies. In cooperative model, a key challenge is to achieve innovation. To this end, the organization needs to encourage risk-taking and gather several areas of knowledge such as research, product development, marketing and production, in order to solve complex problems. In addition, nowadays to guide improvements in core processes this framework can also help organizations evolve and adapt to new conditions. Markets, customers, technology and competition, constantly are changing. Organizations have to change over time to flourish; otherwise, their main features will lead to the extinction of them. So as the managers move to the new form and models can use these frameworks to understand knowledge management system that these new capabilities will need. Managers tend to promote traditional abilities of organization to continuously improve existing products and services. They recognized that if an organization wants to continue be a pioneer in this area, must include a different approach. Therefore, the use of knowledge management in addition to value creation strategies is one of the best solutions for them in this situation. Organizations to support these strategies, should set new capabilities quickly in their own business and institutionalize the ability of knowledge management to support these features.

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