CREATING THE KNOWLEDGE CULTURE IN ORGANIZATION AS A PART OF IMPLEMENTING THE KNOWLEDGE MANAGEMENT

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Abstract
Knowledge management is a very important subject of the day. It comprises a range of practices used by organizations to identify, create, represent, and distribute knowledge. Many large companies have resources dedicated to Knowledge Management, often as a part of Information Technology or Human Resource Management departments. The paper describes problems of implementing the knowledge management in context of knowledge culture and knowledge workers involvement.

Key words: knowledge, knowledge management, knowledge culture, knowledge workers, knowledge management implementation.

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1. Knowledge management and knowledge-based organization

Knowledge has long been recognized as a crucial competitive tool for organizational survival and competition. In practice, many organizations that are adept in leveraging and capitalizing their knowledge resources experience business success and performance improvement [7].

Before defining the scope of knowledge, it’s helpful to understand the meaning of data, information and knowledge. The terms are often used interchangeably, and while they overlap, there are differences in their meanings. Knowledge management is not a new name for information management. It is much more than information management. Here are some basic definitions:

1. Data refers to unstructured, objective facts. Data can be in the form of numbers, words or symbols. The meaning of data will depend on the context in which it is used.
2. Information is data presented in a particular context. Information attaches meaning to data.
3. Knowledge is value added by people – context, experience and interpretation – to information. Knowledge is therefore human effort applied to information.

Knowledge management

Knowledge management is the leveraging of your firm's collective wisdom by creating systems and processes to support and facilitate the identification, capture, dissemination and use of your firm's knowledge to meet your business objectives.

The main purpose of knowledge management in organizations is to make knowledge visible and show the role of knowledge in organization by developing a knowledge-intensive culture, by encouraging behavior such as knowledge sharing, seeking and offering knowledge and by building the knowledge infrastructure.

Many companies have embraced the notion that to operate effectively in today's economy, it is necessary to become a knowledge-based organization [6]. Knowledge-based organization is made up of four characteristics that can be summarized as process, place, purpose and perspective. In the following text, we try to focus on the processes of knowledge management.

According to Davenport and Prusak, most knowledge management projects have one of three aims [5]:
- To make knowledge visible and show the role of knowledge in organisation.
- To develop a knowledge-intensive culture by encouraging behaviours such as knowledge sharing, seeking and offering knowledge.
- To build a knowledge infrastructure (not only technical but also connections between people, time, tools and encouragement to collaborate).

Knowledge cannot be separated from the process of knowing established relationships [29]. Knowledge can be viewed as a process [30]. Not all knowledge plays an equal role within organizations. A distinction can be made between different knowledge areas depending on the strategic importance to the organization, the growth potential, and the stage of development of knowledge areas. In the literature, four processes are distinguished in which basic operations for knowledge management is implemented [20]. These knowledge processes include:

1. **Developing new knowledge:** Companies survive by developing new knowledge, based on creative ideas, the analysis of mistakes, and daily operations and experiences.
2. **Securing new and existing knowledge:** Knowledge that has an individual basis must be made as accessible as possible for the collective, and available in the right place at right time for the company.
3. **Distributing knowledge:** Knowledge must be actively distributed to those who can make use of it. The turn-around time of knowledge in a company is increasingly crucial to business processes.
4. **Combining available knowledge:** A company can perform at its best if all available knowledge areas are combined and integrated.

Generally said, ‘Knowledge is power’. It is a very important resource for preserving valuable heritage, learning new things, solving problems, creating core competences, and initiating new situations for both individual and organizations now and in the future. Therefore, knowledge management has become an important issue in the past few decades. What are the merits of the ideas underlying knowledge management? Knowledge sharing may be a power to encourage knowledge exchange and creation in the organizations in order to recognize their competitive advantages – the brainpower or intellectual capital [17].

In knowledge management, a basic idea is that knowledge can be shared (Nonaka & Takeuchi, 1995). Performance in various parts of the organization can be enhanced when people communicate information, effective practices, insights, experiences, tastes, lessons learned, as well as common and uncommon sense. Given the emerging construct of knowledge, knowledge sharing implies that individuals should mutually adjust their beliefs and actions through more or less intense interaction [16]. However, for individuals in a highly competitive environment, knowledge sharing means that an individual’s knowledge is disseminated to others who might be his/her competitors now or in the future.

### 2. Creating the knowledge culture in organizations

Organizational culture can also be defined as the character or the personality of an organization. Schein [27] describes it as ‘the ways things are done in an organization’. Organizational culture is extremely broad and inclusive in scope. ‘It comprises a complex, interrelated, comprehensive, and ambiguous set of factors’ [2].

All definitions claim that culture is tightly connected to a certain group of people who have been working together for a considerable period of time. Throughout this period they developed certain behaviors to deal with and solve problems as well as a collective identity, and know how to work together effectively. Culture guides their day-to-day working relationships and determines how people communicate within the organization, what kind of behavior is acceptable or not, and how power and status are allocated.
Key factors for a knowledge-sharing culture Western educational systems and society do not particularly promote knowledge sharing. For example, very early on children are told in class not to share their homework with other students, and team projects are rare and not valued. Individualistic behaviors are reinforced by school entrance examinations that promote information hoarding. These ‘selfish’ behaviors are perpetuated into the working environment, where knowledge hoarded is used as a means of advancement [18]. On the other hand, Asian cultures have a group-oriented mentality naturally inclined to share. For instance, Japanese consider the organization that employs them as family and they very often remain loyal to it all along their career. ‘Such culture is conducive for building trust among colleagues which could facilitate the socialization process in knowledge sharing’ (Chan & Ng, 2003).

We list the main reported causes of knowledge hoarding [15; 11; Rao, 2002]:
a) People believe that knowledge is power.
b) People are insecure about the value of their knowledge.
c) People don’t trust each others.
d) Employees are afraid of negative consequences (insights and opinions are ridiculed, criticized or ignored).
e) People work for other people who don’t tell what they know.
f) People lack time.
g) People forget to share.
h) People don’t want additional work and responsibilities.
i) People don’t see the connection between sharing knowledge and the business purpose.
j) The ‘Not invented here’ syndrome.
k) Disapproval of perceived ‘copying from a neighbor’.
l) Enrenched fiefdoms.
m) Technophobia in using new KM systems.
n) Fear of being ‘downsized’.

KM should be accomplished by employees without them realizing it. Nevertheless, a large part of the knowledge hoarding behaviors previously listed is the direct consequence of the organizational culture and of the lack of trust.

Changing the culture

Before trying to change the culture of an organization, it is important to understand the current dominant culture of the organization as well as to identify its subcultures (or mini-cultures). We prefer to employ the expression used by Schein (2000) ‘to evolve the culture’ rather than ‘to change the culture’ meaning that the new expected culture will be built on the different aspects of the current culture that already facilitate knowledge exchange. Other authors used a similar idea in talking about ‘leveraging’ the culture [1] or ‘engaging’ the culture [11]. This approach mitigates the impact and the resistance associated with organizational change.

There is almost an agreement among researchers concerning the core components of organizational culture and their definition. Unfortunately, this agreement is not as strong when we look at methods to assess organizational culture. Rousseau [24] said that the ‘Quantitative assessment of culture is controversial’ and that only certain dimensions of culture may be appropriately studied using quantitative methods. Reigle and Westbrook noted that ‘currently there are inadequate means to measure organizational culture’ [23]. Schein also asserted that ‘there are survey instruments and questionnaires that claim to measure culture, but in terms of the culture model that I present, they only unearth some of the artifacts, some espoused values, and maybe one or two underlying assumptions. They do not reach the tacit shared assumptions that may be of importance in your organization’ [27]. Apparently, the deep assessment of an
organizational culture is unlikely to only use a questionnaire. Learning about the history of a company, visiting the place, talking to employees, and observing behaviors is preferred. Once the culture has been assessed and understood, a culture evolution strategy can be defined. If the culture evolution is not carefully defined and implemented, the risk of failure is significant.

The Gartner research group published the following statement: ‘Our clients report that cultural changes require 50 percent to 70 percent of the overall KM implementation effort, and failure to change culture accounts for at least 50 percent of KM failures’ [8]. So what is the best strategy to evolve a culture? We believe that leadership is the key to such transformation. ‘Cultural changes occur through leadership and vision rather than directives’ [9]. How quickly the culture will change to one supportive of organizational learning and knowledge management in great part depends on leadership in the company. Leadership is very important because it influences the behavior of employees through gradually changing their values corresponding closer to those of the learning organization. Leadership helps the change process to get going. In general, leaders play a key role in maintaining and transmitting the culture. They use a number of powerful mechanisms including what they pay attention to, measure, control, how they react to a range of crises, and whom they recruit, promote and reward. All these mechanisms send important messages about the kind of organization the leaders are running. In the following section we will recognize that leadership is the key to managing cultural evolution. Therefore, leaders play an important role in the changing process towards learning and knowledge.

**Leadership for Knowledge management**

Leadership is and has always been the principal approach to convince and motivate employees to do what managers have planned for them in advance. We know that employees are not always willing to do what is good for the company. An activity must first be of interest to them.

Before leaders can properly use the previously defined mechanisms (toolbox), it is crucial that they themselves understand the characteristics of KM. Only then will they be capable of leading knowledge workers. They should start by employing the right people, and must motivate them to perform their job and to constantly learn. They must be open, and must communicate freely and share their knowledge with their employees. Finally, leaders should build their authority on professional knowledge and personal charisma. Only then will the relationships among leaders and knowledge workers bring knowledge and learning forward, transforming them into crucial activities of the knowledge organization, which will be built on mutually shared values and culture [10].

3. **Knowledge workers**

As Drucker predicted, we are slowly entering a knowledge society along with its respective knowledge economy and industry. The workforce will become rapidly dominated by contingent knowledge workers. Knowledge worker might be someone who works at any of the tasks of planning, acquiring, searching, analyzing, organizing, storing, programming, distributing, marketing, or otherwise contributing to the transformation and commerce of information and those (often the same people) who work at using the knowledge so produced. A term first used by Peter Drucker in his 1959 book, *Landmarks of Tomorrow*, the knowledge worker includes those in the information technology fields, such as programmers, systems analysts, technical writers, academic professionals, researchers, and so forth. The term is also frequently used to include people outside of information technology, such as lawyers, teachers, scientists of all kinds, and also students of all kinds.

Contingent knowledge workers spoke about a number of different factors when asked to assess their employment situation:
- Nature of the job.
- Volume of work.
- Pay and benefits.
- Hours of work.
- Tenure/security.
- Career development opportunities.
- Interests and skills.

Overall, the general findings indicate that knowledge workers think:
- Contingent work is a rewarding experience.
- Contingent work is not the preferred working condition. Although it is rewarding, employees would prefer work that is not contingent.
- The opportunity to work in different organizations, industries and projects is enjoyable.
- They benefit from higher wages, and enjoy more varied and interesting work, with greater autonomy in choosing when and where work is completed.
- Their work allows them to adjust work commitments to fit with personal circumstances.

Many knowledge workers justified their employment uncertainty in the short term given the variety, development, learning, and opportunities such varied experiences provided; however, some commented on the negative impact on personal lives. The most severe effects were felt in the areas of personal career goals and objectives, personal finances, opportunities for training and development, chances for promotion, and control. Getting the experience or training to progress to the next level of proficiency was challenging. Employers, they said, were willing to invest in some training, but most of it was specific to the current job or project. Some knowledge workers thought that they had little ability to control or influence the length of their contracts and, as a result, perceived reduced control in other aspects of their lives (Ho et al., 2003). For example, a lack of control to plan financially was discovered, and many knowledge workers reported that their personal financial situations were negatively affected. The main problems included inability to do long-term financial planning, to enter into longer-term financial commitments (e.g., buying a car, leasing an apartment, or arranging a mortgage), or securing access to credit.

**Perceptions of managers**

There are some interesting contrasts between the managers and knowledge workers when considering the advantages, disadvantages, and challenges of the contingent relationship. The general positive findings for managers include:

a) They receive a good return on their investment, even though they may have to pay a premium for knowledge workers.
b) They believe that their knowledge workers are highly skilled, motivated, and committed.
c) Knowledge workers are crucial to completing projects on time.
d) Knowledge workers are useful in starting new ventures.
e) Knowledge workers fill the gaps in employment during periods of high demand, or within cyclical industries.

Managers agreed with the knowledge workers that contingent employment status likely did affect opportunities for career development. The lack of training and development was related to management’s unwillingness to make longer-term investments, especially if such investments could be transferred outside of the firm. Additionally, duration of employment (opportunity for return on investment) was an important consideration for managers: If someone is a seasonal (occupation), they likely wouldn’t get training not related to that summer work, although this
varies. You would look to your permanent staff first for career development training. If we want to hire one-year term positions, the same logic could apply. You will not invest a lot of training into the position if they are shorter-term. Employers expect that knowledge workers should be responsible for their own career planning and development.

Some managers worried about the time it takes for knowledge workers to get up to speed in terms of specific job training, and to what extent they should receive orientation to the firm and culture. Some of the managers realized that knowledge workers need to establish relationships and get used to the organization culture and work expectations to be productive, but such managers were in the minority. Compared to the knowledge workers, managers were less inclined to think that fewer opportunities exist for career management and promotion. Policies in some firms explicitly favor internal staff, but half of the managers did not think that knowledge workers are at a major disadvantage. In their view, the individual's experience, skills, abilities, and personal circumstances are overriding factors in gaining access to full time or higher-level positions.


Knowledge management is the leveraging of your firm's collective wisdom by creating systems and processes to support and facilitate the identification, capture, dissemination and use of your firm's knowledge to meet your business objectives.

In December 2005, 71 of the world's leading law firms participated in a comprehensive survey of law firm knowledge management conducted by ALM Research and Curve Consulting [24]. The survey covered a broad range of topics relating to knowledge management, including scope, culture, organization, technology, measuring value and relationship with client service delivery. The survey was also the first to collect comprehensive data relating to the size of the Knowledge Management organization and staff compensation, knowledge management budget and spending and technology products used by law firms as part of their knowledge management systems.

The average firm responding had 611 total lawyers, including 193 partners, and 787 FTE support staff, a mean revenue between USD 200 million and 299.9 million, and an average 9.3 offices. It's clear from the survey results that law firms have embraced knowledge management as a critical function. However, the Knowledge Management organization is typically isolated and faces challenges in engaging the firm in the broad scope of what knowledge management is and can bring to this knowledge-based business.

Key findings

The leading knowledge management initiatives implemented so far are precedents/forms, legal research tools and systems, a best practice document repository; and practice group meetings. Roughly half of the firms have also implemented know-how files, skills and expertise locators, clause libraries, professional development programs, client relationship management (CRM) systems and third-party contact databases. When it comes to collaborating with other functions, knowledge management initiatives are underway typically with Business Development/Marketing, and Learning and Development. There is little focus on working with Human Resources and Finance on knowledge management initiatives.

Approach – There is not enough alignment of knowledge management with the firm's business objectives. 2/3 of firms take a hybrid approach to knowledge management – where a central knowledge management function sets the direction for knowledge management and provides the infrastructure for practice area knowledge management. Initiatives are typically initiated by a combination of practice groups and the central Knowledge Management function, with some differences across the regions.
Just 61% of firms have a formal knowledge management strategy which suggested that knowledge management may not be adequately aligned with the firm's business objectives. Also, 75% of respondents report they develop a project plan before implementing a knowledge management initiative, though only 62% of respondents develop a business case to go with it, suggesting that many firms may not be adequately engaging management and the partnership in understanding how the knowledge management initiative will bring value to the firm.

**Organization** – Dedicated knowledge management staff numbers have grown, though there is work to be done in positioning the Knowledge Management organization to work effectively across the firm. The head of Knowledge Management is most likely to be a Director of Knowledge Management/Chief Knowledge Officer, reporting to either the Executive Director/COO or the Managing Partner.

A little over half of the heads of Knowledge Management are responsible for leading the Knowledge Management organization, despite 87% of firms taking a hybrid or centralized approach to knowledge management. This implies that while the heads of Knowledge Management are charged with the responsibility to lead implementation of knowledge management initiatives across a firm, it may be a challenge to do so. All firms have dedicated knowledge management organizations, though their size differs significantly across the regions.

A heavy dependence on informal, collaborative relationships with other functions in the firm suggests it is a challenge for Knowledge Management organizations to engage the firm and implement initiatives that touch on other areas of the firm. This is supported by the finding that 62% of responding firms wish to improve their relationship with other functions. More than half the firms do not have a knowledge management committee – suggesting it may be a challenge to engage the broader firm in knowledge management.

**Culture** – Firms say they have a knowledge management culture, though not enough is done to reward lawyers for contributing to knowledge management, or to demonstrate the value of knowledge management to management. An overwhelming number of law firms (84%) describe having a culture that supports knowledge management. Despite this, a number of indicators suggest that law firms face several challenges in developing a culture that supports knowledge management. In particular, there appear to be gaps in wide user understanding of the broad scope of knowledge management and in management engagement:

- The time-based billing model is the greatest cultural barrier to knowledge management.
- ROI is measured by just 13% of responding firms.
- Knowledge management is included as a criterion in performance evaluation more than in compensation review, suggesting a gap in recognizing the value of contributing to knowledge management.
- Despite being more likely than not to expect everyone at the firm to contribute to knowledge management, firms are unlikely to give fee relief or billable hour credit to lawyers for contributing to knowledge management.
- Knowledge management is included as a criterion in planning, but not in reporting, suggesting a gap in accountability.

**Technology** – Law firms have the technology tools to implement state of the art knowledge management systems. The challenge lies in how best to leverage those tools. The typical components of the law firm knowledge management system are the document management system, Intranet, databases, e-mail; and online research services. More than half also include a client relationship management system, enterprise information portal and extranets.

Technology systems storing financial, business and staff information, such as business intelligence systems, financial/practice management systems, and human resources information systems are typically not included in the law firm knowledge management system. This is
consistent with the finding that information relating to the business of law is rarely included in the scope of knowledge managed. Taxonomies have been implemented by less than 2/3 of firms, with significant differences across regions. Firms face many challenges associated with ensuring that the taxonomy meets the present and future needs of a diverse user base.

**Clients** – The top objective of knowledge management is improved client service delivery, both as an outcome of better knowledge management, and through giving clients access to the firm's knowledge management "know how".

Clients expect firms to be active in knowledge management. Clients are focused primarily on the outcome of a firm's approach to knowledge management as it relates to client service delivery, rather than on directly accessing a firm's knowledge management systems and processes—with the exception of Australia and New Zealand.

**Improving the quality of client service is the main objective.** Other top objectives include leveraging expertise, gaining a competitive advantage, and improving the speed of client service delivery. These results suggest that firms see knowledge management as a market differentiator and intrinsic to its delivery of client service. Despite the above findings, only 61% of responding firms promote their knowledge management efforts to clients. With the exception of U.S. firms, the responding firms generally do not offer access to their native systems, instead favoring client-specific solutions. 72% of responding firms stated that they generate no revenue from developing client-specific knowledge management solutions.

![Figure 1: Research findings – Knowledge management in U. S. Law firms](image-url)
5. Conclusion

Intellectual capital as organizational knowledge and know-how is one of the essential aspects to be considered when implementing knowledge management. The sharing of organizational capabilities and sources through its employees is required. The key success factor of future prosperity is knowledge aspect of organization based on knowledge sharing and utilization. In fact, knowledge culture represents the philosophy and approaches to the process of knowledge creation, sharing based on teamwork, communities of practice, internal communication and motivation of employees. The paper examined the ways of the knowledge culture evolving and pointed out the role of knowledge workers. Finally, the survey of knowledge management aspects in U. S. Law firms was presented.

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