

The Paradox of Knowledge Management: Progress, Issues and Future Directions

*Presentation to the 7th International Conference
on Knowledge, Culture and Change in
Organisations*

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TOPICS

- Current approaches to KM
- Global KM adoption
- The KM paradox
- Diagnosing the problems
- A framework for future KM



CURRENT KM PARADIGMS

	IS-based	Humanistic	IC-based
Focus	Systems	People	People, systems & other intellectual resources
Approx. Market Share	70-80%	10-20%	5- 10%

GLOBAL KM ADOPTION: THE GOOD NEWS

- Some notable success stories e.g. Buckman Labs, Xerox
- Strong defence sector spending :US Navy reportedly spent over \$30 billion on becoming ‘knowledge centric’
- UK: “Whole of Government Knowledge Network”
- Signs of a maturing discipline: British Standards Institute, and Australian Standards Association provide KM guidelines



GLOBAL KM ADOPTION: THE GOOD NEWS (continued)



- KM 'tools' up from 21st place in 1996 to 8th place in 2007 based on usage
- 69% of leading companies surveyed now using KM tools
- Asia-Pacific leading the world - 75% of companies surveyed using KM tools

Bain and Company Report, 2007

GLOBAL KM ADOPTION: THE BAD NEWS

Practitioners losing faith :

- CKOs a dying breed in Fortune 500 companies (APQC)
- KM tools rated among the least effective (BAIN)
- Former KM champions giving up e.g. World Bank, BP Amoco

Theorists increasingly critical:

“...a bewildering but also inspiring concept” (Sousa and Hendriks, 2006)

“ ...philosophically naïve” (Spender and Scherer, 2007)

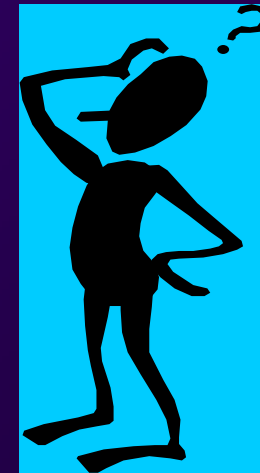
THE KM PARADOX

How to explain KM's simultaneous success and failure?

➤ Major single causative factor: blurring of the conceptual boundaries between symbolic representations of human knowledge and knowledge in people

What to do about it?

- Inaction not an option:
- Managing knowledge critical
 - Cannot afford to repeat past mistakes



HOW DID IT COME ABOUT?

- 1950's & 60's: parallel growth of IT and interest in knowledge as an economic resource
- 1970's & 80's: the HIP metaphor (Newell and Simon,1972); PDP/connectionism (Rumelhart and McClelland,1986)
- 1990's: representational perspectives start to pervade the KM literature: Kogut and Zander (1992), Grant (1996), OECD (1996), Boisot (1998)
- mid 1990's: the IT industry embraces KM: computational/representational approaches become dominant

PROBLEM CONSEQUENCES

- Overemphasis on knowledge codification
- False assumptions of firm ownership and control of knowledge
- Unproblematised view of individual and collective knowledge
- Knowledge assumed to be convertible and fungible
- Unproblematised relationship between knowledge creation and organizational appropriation of knowledge value
- Inability to link knowledge to performance

HOW TO GET KM BACK ON TRACK?



Key priorities:

1. Understanding the role of the firm as essentially knowledge-based
2. Understanding the nature of knowledge in an organisational context
3. A framework for KM which integrates IS, HR and IC approaches

THE KNOWLEDGE-BASED THEORY OF THE FIRM

- The raison d'être for the modern firm : integration of multiple, disparate, (boundedly rational) knowledge resources
- Implications : Management = KM

KNOWLEDGE IN ORGANIZATIONS

High	What we know we don't know	What we know we know
Codifiability	What we don't know we don't know	What we don't know we know
Low	Low	High
	Certainty	

A FRAMEWORK FOR FUTURE KM



- **Role:** to support the firm as knowledge integrator
- **Focus:** relationships between people, systems and other tangible and intangible resources
- **Approach:** systems-based/holistic

IMPLEMENTING A SYSTEMIC KM FRAMEWORK

Key issues:

IS: -How knowledge can be better represented

-How representations can be more effectively used

HR: -How knowledge can be more effectively shared

-How to link people (and HR practices) to performance

IC : -How knowledge can be used to create capabilities and routines

-How to improve appropriation of value from knowledge

SUMMARY

- KM in a paradoxical state : “bewildering and also inspiring”
- Problems largely due to a blurring of the conceptual boundaries between knowledge and its representations
- Addressing the problems demands:
 - understanding the firm’s role as ‘knowledge integrator’
 - understanding knowledge in organizational terms;
 - a systemic approach to KM



Any questions

