

Organization culture as a necessary precondition of building the knowledge management in organization

Jaroslava Bučková¹

¹ Katolícka univerzita v Ružomberku, Pedagogická fakulta, Katedra manažmentu, Nábrežie Jána Pavla II. 15, 058 01 Poprad, jaroslava.buckova@ku.sk

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Abstract Knowledge management has emerged as one of the most important area in management practices and is established as a basic resource of competitiveness for organizations and economies. Knowledge management is a systematic and integrative process of coordinating organization wide activities of acquiring, creating, storing, sharing, diffusing and deploying knowledge by individuals and groups, in pursuit of organizational goals. A knowledge supporting culture is one of the most important conditions to ensure efficient knowledge flow among organizational members. Therefore becomes organizational culture an important topic of considerable interest to organizational researchers, management consultants, and corporate executives. The aim of this article is to emphasize the need of building the knowledge management by the organizational culture as one of the necessary element of knowledge management

Key words : *Organization, organizational culture, knowledge culture, knowledge management.*

1. INTRODUCTION

The characteristic of the new economy is the ability of organizations to realize economic value from their collection of knowledge assets as well as their assets of information, production distribution and affiliation. Despite the competitive necessity of becoming a knowledge-based organization, top management have found it is difficult to transform their organizations through programs of knowledge management. According to many studies is the culture on of the most frequently encountered obstacles to the creation of an organization founded on knowledge. Knowledge management and organizational culture are two managerial concepts that are often connected in articles. It is, however, a rather complex relationship, as evidenced by the existence of various theoretical and empirical contributions as well as various implicit assumptions. Generally speaking, a culture that helps to get knowledge management up and running is one which consists of values conducive to the creation, sharing and application of knowledge. This article therefore in the next sections describes the characteristics of knowledge management, corporate culture and tries to identify and analyze the role played by the values of organizational culture in the success of knowledge management.

2. LITERATURE REVIEW

This section rigorously reviews the relevant literature to point to the importance and the substance of knowledge management and characteristics of organizational culture, as well as the relationships between them.

Knowledge management as a research field and management practice has been the subject of intense discussion since the mid-1990s. In today's knowledge society, companies regard knowledge and its management as key strategic assets and the successful sharing of that knowledge is critical to a company's success (Grant, 1996; Kogut & Zander, 1992; Spender, 1996). Standards Australia (2005, p. 45) defines knowledge managements as, "the design, review and implementation of both social and technological processes to improve the application of knowledge, in the collective interest of stake holders". Smits and de Moor define knowledge management as: "to identify, manage, and value items that the organization knows or could know: skills and experience of people, archives, documents, relations with clients, suppliers and other persons and materials often contained in electronic databases" (Oliver, Kandadi, 2006, p. 18). This definition clearly implies the importance of knowledge management and its effect on the overall enterprise. It also inherently points out the utilization of systems providing ways of handling the knowledge. Nonaka (2007) prefers to call knowledge management knowledge-based management, connecting people to people and people to information to create competitive advantage. As noted by Jurisica et al. the knowledge management is concerned with the representation, organization, acquisition, creation, use, and evolution of knowledge in its many forms. In order to build effective technologies for knowledge management, it is important to understand how individuals, groups, and organizations use the knowledge (McDermott, 2001). This clearly necessitates setting up common processes for creating, storing, implementing, improving, sharing, and recording the knowledge. The main factors of knowledge management, which lead to successful knowledge management and ensure long-term competitive advantage, are organizational structure, culture, strategy, systems and IT infrastructure, effectual and systematic processes and their assessments (Liebowitz, 2015). In summary, from previous definitions, we understand that, it is not only important to incorporate complementary perspectives into knowledge management, but also to take note of the underlying argument that the knowing in practice perspective offers, that is, that we need to take a practice perspective when studying knowledge sharing within the organization. Any organization that wishes to

acquire sustainable competitive advantages must make the most of all the knowledge it possesses and put it to good use.

In knowledge management literature, it is widely believed that organizational culture provides the basis for effective knowledge management and organizational learning for example: Choo, Bergeron, Detlor, & Heaton, 2008; Davenport, De Long, & Beers, 1998; Oliver & Kandadi, 2006; Schein, 1992 (Collison, 2005). Many scholars and practitioners: Lopez et al., 2004; Kulkarni et al., 2007 and others believe that an organizational culture that is supportive or adaptive can enable the successful implementation of knowledge management technologies as well as practices. Culture may be considered as an essential factor, which not only guarantees a successful knowledge management, but also influences an effective knowledge transfer. Since knowledge, whatever (definite or rather hidden) is transferred by people. And so often relatively called the “soft” part, i.e., culture, assumes a special importance and significance. Organizational structure allows, and organizational culture ensures an efficient knowledge transfer. Numerous experts have proposed definitions of organizational culture ranging from simple to complex. Studies of culture definition showed, that there are more than 160 culture definitions in anthropology, sociology and psychology. According to Martin organizational culture can be easily defined as the way things are done around here or the characteristic or personality of the organization (Easterby, 2011). A more formal definition of organizational culture was proposed by Schein (2004): “Organizational culture is a pattern of shared basic assumptions that was learned by a group as it solved its problems of external adaptation and internal integration that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way you perceive, think, and feel in relation to those problems.” This is the most widely used definition. Deshpande and Webster define organizational culture as the set of shared values that help organizational members understand organizational functioning and thus guide their thinking and behaviour (Collison, 2005). Thus, culture is a sort of glue that bonds the social structure of an organization together. Hofstede (2005, p. 47) called culture the “software of the mind”. In another definition according to Coffey, Willar, Trigunarysah, organizational culture is the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them with the norms for behaviour in the organization (Hofstede, 2005). Taken together, organizational culture is a distinguishing attribute, which is learned by people over the time period which they spend within the organization and eventually determines their perceptions and feelings and to some degree, their overt behaviour. Robbins stated that organizational culture is a relatively uniform perception held of the organization, it has common characteristics, it is descriptive, it can distinguish one organization from another and it integrates individual, group and organization system variables (Collison, 2005). Smith, on the other hand viewed that a company's culture differentiates it from other companies and helps explain why employees are attracted to one employer versus other employers (Easterby, 2011). Notwithstanding the numerous definitions that exist, there is no consensus regarding a single exact definition of organizational culture. But most of them group the following common features: groups or collectivism, life style and habits learned by human, beliefs, valuables, and knowledge obtained.

3. THE PLACE OF ORGANIZATIONAL CULTURE IN BUILDING KNOWLEDGE MANAGEMENT

Organizations may generate increasing value by synthesizing knowledge capital with respective technology and use that as much effectively as possible to create an innovative dynamics (a fast stream of better, cheaper, and safer products and processes). This can only be achieved through an effective knowledge management

system by continuously feeding a well-established value chain of the enterprise supported by an integrated decision support system. For knowledge management to be effective and efficient, should be considered some principles (Davenport and Prusak, 1998):

- knowledge originates in people's heads,
- knowledge-sharing requires trust,
- technology enables new behaviours related to knowledge,
- knowledge sharing should be encouraged and rewarded,
- support of the leadership and resources are essential factors,
- initiatives related to knowledge should begin with a pilot program,
- quantitative and qualitative measurements are necessary to evaluate the initiative,
- knowledge is creative and should be encouraged to develop in unexpected ways.

Figure 1 is based on the framework suggested by Easterby-Smith & Lyles (2011) and summarizes the different perspectives discussed above, where knowing in practice is placed in the middle in order to underline the potential and importance of taking a practice perspective on how to study and manage knowledge within an organization.

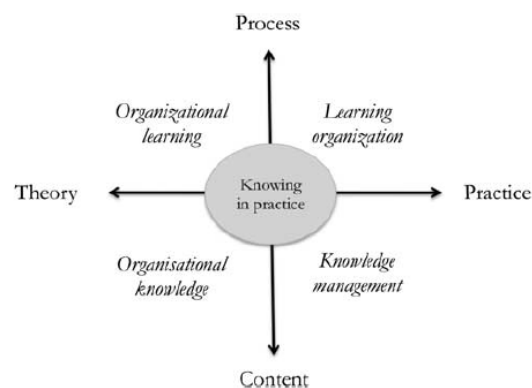


Figure 1 An illustration of the five research perspectives with a focus on how to manage knowledge within an organization (Easterby-Smith & Lyles, 2011, p. 3)

On this basis, we can conclude, that knowledge management is more of a human resource management exercise than a technology based discipline. It is not only a state of the technology used to improve efficiency of the knowledge. Rather, it is an exercise about how people can be motivated, best utilize their knowledge, experiences and enhance the creativity by using state of the technology. Gold et al. empirically proved that effective knowledge management was the result of knowledge infrastructure that is, technology structure, culture and knowledge process architecture (Collison, 2005). According to Adenfelt and Lagerstrom, knowledge creation depends on individual performing activities through which tacit and explicit knowledge is shared and combined for refinement of activities and development of knowledge. The need for a more systematic study on the critical success factors for implementing knowledge management is crucial (Wong, 2005). One of these critical success factors or enablers is the organizational culture. Skyrme and Amidon (1997), Davenport et al. (1998), Pan and Scarborough (1998), Martensson (2000), Dalkir (2005) and Hung et al. (2005) among others, have pointed out that corporate culture is a decisive factor for achieving success in knowledge management projects (Hung, 2005). Organizational culture makes all the difference and it cannot be relegated to the background. According to the above mentioned definitions, organizational culture can be understood as the norms and values that help to interpret events and evaluate what is appropriate and inappropriate. These standards and values may

also be seen as control systems that are capable of achieving great effectiveness, since they lead to a high degree of conformity, while at the same time giving a heightened sense of independence. Organizational culture is essential for strategic development through expressive elements in its demarcation, such as creative cultural environments, the workplace and the freedom of employees in relation to norms, values and the implementation of new ideas. Culture may also act as a barrier to knowledge sharing (McDermott and O'Dell, 2001). Diverse cultures at the intra-organizational, organizational, trans-organizational and supra-organizational levels may act simultaneously, and thus result in cultural complexity. Most specifically, employees resistance to change, their motivation to share knowledge and leadership commitment is also affected by the cultural dimensions (Davenport, 1998). Therefore, a pertinent culture should be established to encourage people to share their knowledge within an organization, as well as among business partners. Top management must develop an organizational culture through an environment that is conducive to sharing.

One of the most important aspects of knowledge management is to create a system that is capable of providing mechanisms and methodologies allowing the right knowledge to be at the right place and at the right person as well as at the right time within an enterprise. There have been several models developed for this purpose. The main objectives of these models are to organize the knowledge activities to increase competitive advantage and turn the market share into a continuous and permanent superiority through utilizing the intellectual capital of the enterprise for better products and services. Enterprise knowledge management model called also "Knowledge Tower" (due to its dynamics and tower-like infrastructure), does not only deal with utilizing the knowledge but also create knowledge management strategies, knowledge culture as well as respective leveraging activities. It provides an extensive assessment capability to make sure that the knowledge management practices are carried out as effectively as possible. This surely helps identifying the lack of implementations and areas requiring improvements.



Figure 2 Model – Knowledge Tower (Beveren, 2002, p. 21)

Knowledge tower has a hierarchical structure where each component should necessitate and involve the capabilities of the components below the hierarchy. This creates a tower like interrelated activities and dependency relationship as seen in figure 2. Note that the order of the components of Knowledge Tower is important. The first component is the fundamental baseline, and second component is built upon this one. The third component is to be established based on the first two. This goes up to the last component of the model that is the "assessment". The model components in this hierarchy can be listed in a bottom-up manner as the following. As we can see, developing and sustaining a

knowledge culture within an enterprise is another essential component of model. Understanding and valuing knowledge is as much more important as the other knowledge-related activities. Developing knowledge culture includes active motivation and flexibility of the use of knowledge, focusing on productivity as well as effectiveness in business processes and putting interest on reliability, authorization, and secrecy.

4. BUILDING KNOWLEDGE ORGANIZATION CULTURE

Consequently, knowledge management initiatives are only successful if they are in accordance with the company's cultural perceptions (Davenport et al., 1998). A knowledge culture supports knowledge processes and employees see knowledge sharing as a natural activity in their daily business. Researchers coined the terms "knowledge culture" (Oliver and Kandadi, 2006), "knowledge-centered culture" and "knowledge-friendly culture" (Davenport et al., 1998) to show the importance of cultural antecedents for intra organizational knowledge management. The culture of knowledge is defined as organizational lifestyle, which enables and initiates people to create, share and use knowledge on behalf of organization and continuous success (Davenport et al., 1998). Knowledge culture is one of the factors, which results in long-term competitive advantage. Analysing impact of knowledge culture on knowledge management activities accentuated the following cultural assumptions: relations of organization members based on trust; openness of organization in respect of its members regarding its activities, problems, experience, goals, and strategy; openness to variety of original approaches and interpretations; dialogue between members of organization; attention to creation of relations and immediate contacts among organization members; belief of organization members that a way to cognition is an endless process; constant questioning of organization's beliefs about the surroundings; toleration of reasonable risk and failures, and assessment of learning from mistakes at all organization levels; affinity of the main valuables, norms and beliefs of organization culture to the members of organization; readiness of organization to apply knowledge, information and interpretations of its members in decision making leading to important changes.

The cultural factor is the most vital one because any knowledge management initiative will lack effectiveness without a company culture that facilitates the creation and exchange of knowledge. Thus, for any knowledge management project to be implemented successfully within an organization this dimension must be taken into account. Indeed, it has been said that 80 percent of knowledge management is concerned with people and processes/culture, and that only 20 percent is concerned with technology (Beveren, 2002). To obtain good results, knowledge culture should be formed gradually, i.e., to introduce organizational valuables, related to encouragement for knowledge creation, sharing, and application in daily life of organization, and only then organizational culture will become knowledge culture. The organizations in order to avoid strong opposing reaction, should apply only those features of knowledge culture, which are directly affecting the processes of knowledge management, and make good conditions for them. Cultures of organizations are different. Certain culture features, beliefs and valuables are characteristic to each company. Therefore it is very important to determine, what features of knowledge culture form appropriate conditions for knowledge management processes. Analysing of knowledge culture features Rao (2002) observes the rule 8 „Cs”: connectivity, content, community, culture (maintenance and vision of the highest management level, shared sense of vision, trust, openness, satisfaction, wish to constantly learn from the specialists of organization), cooperation, capacity, commerce, and capital. Hubert emphasises creativity, empowerment, enthusiasm,

involvement, cooperation, trust, synergy and positive attitude, Davenport and Prusak suggest such features: reputation, altruism, trust and reciprocity. Entirety of different features constitutes knowledge culture, which forms suitable environment for knowledge transfer. After features were grouped, the following logical diagram was obtained: the managers nurture empowering, motivation of groups, motivation of individual, system of incentive, mistake toleration, and trust; individuals empowered by manager and trusting him, cooperate, bear the risk, make decisions, become open to changes and experimentation; behaviour of individuals forms informal relations between employees (Collison, 2005). Figure 3 illustrated this chain of reasons-consequences.

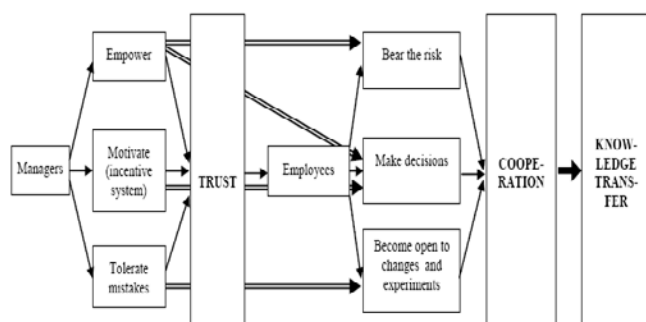


Figure 3 The chain of reasons-consequences (Collison, 2005, p. 87)

Although different scientists accentuate different features of knowledge culture, however one the same feature existing in all classifications may be noticed – a trust. This is essential basis both for open settlement of problems (communication and dialogues), and for cooperation. The manager's role is to establish a system of communication, to maintain the desire for cooperation, and to ensure that the organization's purpose is not abandoned. Managers need to increase their understanding of knowledge at the periphery of the organization, that is, at lower levels within the organization and thus not just on a strategic or managerial level. Formation of knowledge culture is conducted in several steps: first by employing potentially suitable employees, later by employees socialisation in current knowledge culture. However all these processes are in particular susceptible to time. This involves the search of new and suitable employees, their socialisation, and creation, introduction and implementation of common system. Formation of knowledge culture means the alteration of already existing valuables and norms. Summing up it may be stated, that the formation of knowledge culture is a long and complicated process, and very susceptible to time.

Comparison the processes implementation of knowledge management in Slovakia and abroad brought some interesting findings. In an organization that accepts knowledge as a decisive factor for economic success and further development is a necessity to change people's thinking and organizational culture change. In organizations dominated by work process connected with trust, accepting mistakes, teamwork, good communication, a common language, willingness to take risks and embrace new ideas, the ability to listen and help with the valuation of providing knowledge, are more favorable conditions for sharing of knowledge. Above is expressed in more detail in table 1, which compares the implementation of knowledge management in the Slovak Republic and abroad.

We can say that knowledge management is not an active part of Slovak management organizations. By employees, but also a big part of managers is knowledge management understood as education or the use of information and communication technologies in their work with information. Barriers to the creation and transmission of knowledge is mainly in existing organizational culture, for which is

characteristics: fear of misuse of knowledge, loss of status, fear of misunderstanding knowledge sharing, ignorance of the fact that the knowledge needed someone else, the lack of mutual trust.

Table 1 Knowledge management in Slovakia and abroad

Implementation of knowledge management	Abroad	Slovak republic
The importance of the role of knowledge in organization	high (USA, Japan, Germany, Finland, Sweden, England ...)	in selected organizations high, otherwise unknown/undetectable
The application of knowledge management practices in business practice	high in organizations, which are leaders on global markets (Microsoft, IBM, Nokia, Motorola, British Petroleum, Asea Brown Bover, DaimlerChrysler, EasyJet, Ericsson, Ernst&Young, Ford Motor, Hewlett-Packard ...)	high enforcement in organizations: US Steel, Slovnaft, Exact Software, Kelcom International, Strojstav Nové Mesto nad Váhom, Gratex International, Chemosvit Svit
The existence of the organization knowledge base (Knowledge Warehouse)	many foreign organizations have built quality knowledge warehouses based on the use of the latest information and communication technologies and procedures.	yes, in selected organizations: US Steel, Slovnaft, Exact Software, Kelcom International, Strojstav Nové Mesto nad Váhom, Gratex International, Chemosvit Svit
The level of knowledge transfer among employees of organization	high level	middle level, the problem is trust on the workplace
The impact of knowledge to success of product on the market and product innovations	high in organizations, which are leaders on global markets	only in several organizations: US Steel, Slovnaft, Exact Software, Kelcom International, Strojstav Nové Mesto nad Váhom, Gratex International, Chemosvit Svit

(Kokavcová, 2011, p. 39)

5. CONCLUSION

Resultantly, the success or failure of knowledge management within organizations depends on culture, an emerging pre-requisite for effective knowledge management. Researchers argued that culture is a complex system of norms and values that is shaped over time and affects the types and variance of organizational processes and behaviours. In the competitive environment, the organizations have to change its culture in order to survive, otherwise, it may even be counterproductive. Organizational culture is the most critical factor controlling an organization's capacity, effectiveness, survival and success. Appropriate organizational culture is a prerequisite for

knowledge creation and dissemination. Organizational culture which enables and motivates people to create, share and use knowledge on behalf of organization and continuous success is called knowledge culture. The findings of this article support the argument, that building knowledge management in organization is possible only by creating knowledge culture, which is based principally on the trust. As to knowledge culture, an attitude of organization members to knowledge, significance of its transfer to the organization is important. Behaviour of organization members, formed by knowledge culture, will determine whether knowledge is shared or not.

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