

# Evolution and Challenges in Knowledge Management

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## Abstract

The purpose of this article is to analyze the implications for competitive advantages derived from strategic knowledge and the knowledge transfer process. An important issue in a knowledge-based view (KBV) is to delimit the source of competitive advantages, that is, knowledge versus knowledge management processes (acquisition, transfer, generation). Based on KBV and knowledge management literature, this article considers the importance of both parts. Specifically, the thesis focuses on strategic knowledge and the knowledge transfer process.

## Keywords:

**Implications, competitive advantages, Knowledge Management, acquisition, transfer, generation.**

## Introduction

In our modern information society at the end of the 20th and just beginning of the 21st century, the amount of information and knowledge is growing explosively and uncontrollably, such as a search on the Internet search engine Google for the keyword "Knowledge Management" with over 706,000 results with 2.07 billion registered Websites impressively shows. [1] This development is also known as a "knowledge explosion" or "knowledge inflation" [2], in which "the process of increasing knowledge [...] is basically out of control." [3]

Today, effective and efficient knowledge management has become a crucial strategic competitive factor for many companies. However, compared to established approaches such as financial management, knowledge management is still underdeveloped. B. A common language and clear targets. [4] In addition, knowledge management "[...] is still considered and processed relatively detached from strategic intentions, ideas and concepts" [5] because in most minds there is an associative coupling with information technology.

The aim of this work is now to examine the effects of a strategic knowledge management geared towards corporate goals and to explain promising corporate strategies for the optimal use of existing knowledge.

### **Course of the investigation**

The focus of this work is on the changed external strategies that companies have to apply after the introduction of strategic knowledge management in order to be able to survive in the knowledge competition of our modern society. At the moment, the focus of many knowledge management projects is very much on the internal strategic effects in the area of organization, employee motivation and management structures. Due to the limited scope, we will deliberately refrain from explaining them here in order to take into account the great importance of sensible external strategies for the existence of a company. [6]

In the second chapter, the increasing importance of knowledge as a resource and the basics of knowledge management are explained in order to lay the basis for understanding the work and the discussion about changed corporate strategies.

In chap. 3.1, the integration of knowledge management into corporate strategy will be examined by presenting three cross-company strategies and their support through knowledge management, and then in Chap. 3.2 to explain the linking of

these strategies with the possibilities of adding value through knowledge management and to take a critical look at the general strategic effects.

In the fourth chapter, value innovation is examined as a promising corporate strategy for the knowledge society, because this strategy requires changes in the strategic focus of a company due to the new opportunities and risks of knowledge-intensive products and services and thus shows concrete strategic effects of knowledge management. The fifth chapter concludes with a summary and a conclusion.

### **Knowledge management as a result of the structural change to the information and knowledge society**

#### **2.1 The growing importance of knowledge as a resource**

According to North, three central, mutually dependent driving forces can be identified for the increasing importance of knowledge as a resource in the post-industrial era: The structural change to the information and knowledge society, globalization [7] and information and communication technologies. [8th]

Information and communication technologies "represent the energy, the 'wind' that fuels structural change and globalization." [9] They enable accelerated transactions, reduced transaction costs and worldwide information transparency. This enables the global control of business processes and the international division of labor in globalization. Physical production is being outsourced to developing and emerging countries, and the industrialized nations are transforming into knowledge nations by concentrating on knowledge-intensive activities. Many companies are increasingly selling information, knowledge or intelligent products and services, so that the production factor knowledge is replacing labor and capital as a scarce resource. [10]

For these companies today, knowledge is the strategic key resource, because "those who go outside the competition of ideas, information and innovations inevitably fall behind." [11] Therefore, in recent years there has been a lively discussion under the keyword "knowledge management" . developed for efficient management and use of knowledge. In the following, the basics of the modern understanding of knowledge management are to be explained.

### **Basics of knowledge management**

Since, according to expert estimates, only a small part of the knowledge available in companies is used for value creation, knowledge management tries to use existing knowledge optimally and to develop it further in order to improve the degree of utilization of this important resource. The main goal is to increase the value of the company by increasing the efficiency, effectiveness and quality of processes and structures and the implementation of the available knowledge in new products, processes and business areas. [12]

The starting point for the following considerations should be the uniform definition approach according to Alex, Becker and Stratmann, which regards knowledge as "[...] the result of a process of understanding that takes place through the classification of information in the context on the basis of individual experiences. [... knowledge management] improves the continuous transformation process of individual knowledge into organizational knowledge [...]. It includes the systematic identification, collection, processing, distribution, expansion and evaluation of knowledge." [13] This definition approach tries to take up the heterogeneous definitions of terms in the specialist literature [14] and, through a relatively general terminology, a slight adaptation to the individual requirements

allow different companies. It is therefore very well suited for the consideration of different corporate strategies in this work.

Furthermore, the interdependence of operative and strategic knowledge management should be pointed out. Only through the technologies and methods of operational knowledge management, e.g. B. uniform data and information management, expert databases, intranet portals, communities of practice, etc. [15], a company is enabled to use knowledge as a strategic competitive factor and to develop meaningful knowledge goals and strategies. A functioning operational knowledge management is therefore a necessary prerequisite for the successful application of knowledge-based corporate strategies. [16]

Conversely, operative knowledge management is only successful if an overriding strategic goal is recognizable in the sense of a classification in the corporate strategy and the support of the top management. [17]

In the following, this important but often neglected area of the connection of knowledge management with corporate strategy will be explained in order to then be able to examine the effects of knowledge management in terms of a possible change in the strategic focus.

### **Connection of corporate strategy with knowledge management**

If a company, as part of the development of strategic objectives, comes to the conclusion that knowledge contributes significantly to its business success, then it will have to implement knowledge management. Because just like quality management, which has become commonplace with the spread of ISO 9000 certification and has become a barrier to entry into markets, knowledge management will initially offer enormous advantages, but will soon be found in

almost every company. It is therefore important to use the advantages of a quick start and to define strategic goals of knowledge management at an early stage, "ie to give knowledge a direction". [18]

## References

1. Cf. STOEBER (2000), p. 25; ROMHARDT (1998), p. 24; NEFIODOW (1990), p. 275. Nefiodow does not differentiate between knowledge and information, for the distinction see STOEBER (2000), pp. 5-12.
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