

ORGANIZATIONAL LEARNING: KEEPING IN THE LEARNING LOOP BY MANAGING MANAGEMENT KNOWLEDGE

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Abstract

This paper will explore the significance of managing management knowledge within the organization and to reflect upon the existing trends in managing such knowledge. This will also discuss how the culture of learning impacts business decisions and supports management objectives.

The discussion in the paper provides an insight on how management knowledge is crucial in making pertinent business decisions. It also emphasizes the importance of dissemination of such knowledge across organization through a suitable culture of perennial learning and knowledge-sharing to enable the organizations to remain competitive and emerge as learning organizations.

It would be useful for a practicing manager to get an insight into the relevance of managing management knowledge, and how this can be institutionalized to meet business demands through continuous learning and what strategies could be used to leverage upon such knowledge.

Field of this concept paper: Management, Knowledge Management, Organizational Development

1. Introduction

The unequivocal organizational need to learn is embedded in the amazing volatility of the business environment and an unprecedented technological metamorphosis which compels every company to maneuver its learning curve to keep in the groove and continue to perform. A comprehensive repertory of skills, knowledge, abilities, attitudes, values and beliefs enables an organization to transact its business and to direct its efforts towards achieving the super-ordinate objectives of the organization. Knowledge may assume other dimensions as well such as news, concepts and ideas which may enable business problem-solving (Sahlin-Andersson and Engwall, 2002) and rationalization of organizational tasks that managers have to take up. Management knowledge often undergoes faddish phases and this implies an entire trajectory of concurrent thoughts, ideas and best practices which might influence the way managers think globally. This dispersed body of knowledge does not lend itself to easy management within an organization until and unless the organization has been able to capture these disparate pockets of knowledge through frequently changing fashion of management thought. Sometime the idea of yesterday may come back today in a more refined shape.

2. Literature Review

Right from the time of reinventing the management thought, it has been pertinent for organizations to use currently available trends in doing business. From the heyday of Scientific Management and Hawthorne Experiments to Business Process Reengineering and Six Sigma, it has been extremely fruitful for corporate organizations to internalize the available business knowledge for greater value. These predominant trends may often sweep across industries and may compel the managers to reorganize their heuristic decisions to adapt to more currently validated way of doing business. Right from start-ups to well established business empires, these concurrent sources of knowledge are very well adapted to the

challenges of that specific time in a particular industry and captures the vicissitudes of business activity at a given point in time. Because of a high contemporary relevance, these fads in knowledge are regarded with great expectation and have often lived up to those. Be it Frederick Taylor's Therbligs, which initiated the time and motion studies and enabled manufacturing industries to benefit from precision of work-place behavior or be it the quality fetish of Six Sigma driving the business engine to minimize errors, these novel ideas of the time have helped streamline processes and systems to boost the revenue curves. It would be therefore only naïve to ignore the need for capturing such an enriched and relevant form of knowledge. When the industrial revolution commenced, Taylor's engineering perspective crystallized in the principles of scientific management helped many businesses shape their initiatives in a more systematic fashion avoiding the ad hocism which prevailed at that time. Management of means of production and controlling the efforts of the people responsible for production was imperative. But how to channelize this effort meaningfully was the task of thinkers such as Frederick Taylor, whose pioneering ideas facilitated the transition on the shop-floor. A Peter Drucker or a C K Prahalad would do a similar thing a century later.

The importance of knowledge cannot be ever underestimated but in recent times more than at any other, knowledge has become a common currency in business decision-making and with the "knowledge economy" and the information age (Drucker 1993; Reich 1991), the technological impetus has led to the value-creation in business domains through management knowledge and its myriad forms of utilization. Management knowledge and ideas are particularly gaining popularity in the knowledge economy and there is a spurt of experts pedaling the same. However for any business organization it means that there has to be a constant filtration of what is wanted and what is not and only the applicable concepts or information should enter the organizational "knowledgeware". In order to leverage from organizational competencies, the organizational effort should be geared towards using knowledge in a strategically effective manner so that it keeps the organization ahead of its competition and helps overcome complex business demands and challenges.

In a world predominantly dominated by media and technology, it is fascinating to observe that knowledge itself has acquired a highly ephemeral state and has become so dynamic that capturing it forever in a certain form eludes all probability. New thinking is emerging each day at a phenomenal speed, this means that organizational crucibles of knowledge, particularly that which is responsible for managerial decision-making will have to follow the "fountain-head effect". This implies that at its origin any form of knowledge that is acquired will have to be fluid enough to flow down and out of the organization when it is no longer needed to satisfy the organizational needs. New influences and management thought when it becomes available will have to be imbibed immediately and then this will have to also find suitable exit out of the organization whenever the management needs a more functionally valid and worthy idea, concept or thought. The skepticism that knowledge cannot outlive the use of it obviously holds true for any body of knowledge, including management knowledge. Scientific Management itself has traversed the path and evolved as Ergonomics and does not merely remain a mechanical contraption to measure the body movements of workers. Reinventing a new body of knowledge from the old source confirms that the "fountain-head effect" may just about help organizations remain in the learning loop with greater flexibility and boost the efficiency of managerial processes and systems. Upon scanning the existing literature on knowledge management, it is significant to observe that right from Peter Senge to T. A. Judge, great emphasis is being placed on the acquisition and dissemination of organization-specific knowledge and of course also on keeping the learning within the organization contemporaneous and perennial.

In an article entitled "What is knowledge Management?" Rebecca O. Barclay Managing Editor, & Philip C. Murray, Editor-in-Chief, *Knowledge Praxis* defines knowledge

management as a business activity with two basic attributes, which emphasize the focus of organizational knowledge management:

- “- Treating the knowledge component of business activities as an explicit concern of business reflected in strategy, policy, and practice at all levels of the organization.
- Making a direct connection between an organization’s intellectual assets — both explicit [recorded] and tacit [personal know-how] — and positive business results.”

As mentioned above, if the role of knowledge in management of business is to support the strategy, policy and practice of the organization and to establish a co-relation between the intellectual capital and the business efficiency, then it would be imperative for any organization to absorb the most recent developments in any given domain of knowledge and to seek its systematic renewal to enhance its utility value.

3. Strategies to manage Management Knowledge

The strategies to do this may encompass a host of initiatives such as learning from best practices to benchmarking. It may be feasible for any organization to use the once that basically suit their kind of business, once they have been able to detect the key variables that lead to obsolescence of knowledge in a particular industry. Keeping in the loop here will depend upon the kind of enrichment needed in the knowledge sources as applicable to specific area of business activity. For instance, obsolescence of knowledge in a pharmaceutical company may happen due to the advancement in medical research or superior R& D efforts. This may mean that environment scanning may be a useful strategy for organizations who wish to keep abreast of developments in their respective niche areas. Industry-based sources of knowledge may be extremely helpful to such companies and managerial competence may grow ten-fold if these sources are tapped in time to impact the operational decisions.

On the other hand, companies which are service-based such as banks, they may benefit from the best practices of other organizations. As the change in the knowledge pertaining to operations of this kind of industry is limited but there is phenomenal need to refashion the external information sources and use these for internal efficiency. In global information explosion this may mean that companies will have learn from one another to imbibe the most efficient way of doing things. Here companies which are industry leaders will be looked upon as a source of knowledge for best practices to guide management efforts and to influence business decisions. For instance, ever since HP has taken over IBM as a top IT vendor, obviously those seeking to use best practices in this industry will now have to find out why HP clicks. With its internal IT restructuring, HP has seen a simultaneous reduction in overhead costs, an increase in productivity, gains in profit and a rise in revenue. These indicators are a testimonial to IT effectiveness of the company and it would be in place for other organizations to use HP’s internal operations as a showplace of services that it is ready to offer to customers. (July 5, 2007 , “Opinion: Why CIOs Should Pay Attention to Hewlett-Packard” *By Paul A. Strassmann* in <http://www.baselinemag.com>)

In a technology-driven enterprise, the model of knowledge management will have to be catapulted by the drive for innovation and how any major technological advancement is immediately internalized to benefit from the same. The key decision-makers and business drivers in the organization will need the lead time to roll out any new technology in the organization and for this they will have to use the technological benchmark which first used the new technology and gained advantage from the same. This however puts the benchmarked organization in leadership position and the “first-mover’ advantage available to the leader may not be available to the other organizations. For instance, copying Microsoft and suing it

as a technology benchmark may only be useful to the extent that Microsoft has already exploited its full potential and the subsequent business benchmarking by other Information technology companies will be subject to myriad restrictions. This also implies that the business decision of the firms using Microsoft for benchmarking will have to keep these intrinsic limitations in mind while adapting to the Microsoft way of making business decisions. The managers will have to keep these challenges before them while picking up their benchmarks.

Another approach to managing management knowledge could be organizational development wherein knowledge gets managed through the inherent systemic metamorphosis of shared values and beliefs through times of continuous change. Peter Senge in his seminal work "*The Fifth Discipline. The art and practice of the learning organization*", London: Random House, (1990: 3) explains that learning organizations are:

"...organizations where people continually expand their capacity to create the results they truly desire, where new and expansive patterns of thinking are nurtured, where collective aspiration is set free, and where people are continually learning to see the whole together."

Any such organization will be able to respond to business exigencies in the shortest possible response time and will be able to optimize their outcomes with highest efficiency levels. If Senge's dimension of knowledge is perennial endeavor then organizations seeking to benchmark will have to quickly identify the current organizational requirement and spot an appropriate industry benchmark to deliver the desired results. Moreover if packaged solutions are available through third-party sources such as external consultants then that will have to be used appropriately. This available knowledge in structured or packaged form will however have to be orchestrated to the needs of the organization and even the know-how of organization's own thought leaders would have to be gainfully employed in solving its problems. This eventually would ensure that the organization has learnt to be a learner and would know which sources of learning could be critically relevant to its present business needs.

Let us here consider the example of Transcontinental Media, a printing and publishing business headquartered in Montréal, Quebec, Canada. In this company the HR professional worked in isolation within their specializations and were not well-informed about the business. They basically worked on administrative issues dealing with recruitment, compensation, and employee relations in their respective domain. In order to create an integrated business model between its printing and publishing sectors, the company had to change its culture from a group of small businesses to one integrated publishing company. The business also needed better human capital for meeting future business needs. For this its HR had to emerge as truly global function. To support this change, they engaged Beverley Patwell of Patwell consulting Inc., an organization development consultant, to help in the development of a transition strategy. In collaboration with the company's internal HR team, the consultant developed a change process which would build on the present strengths and core values of the organization.

Through the implementation of this model of change, the organization could develop competencies which enhanced its self-sustenance as against seeking continual support from external consultants. Every level of the organization which would be impacted by the change was either consulted or involved in the transition process. All the 3 levels of the company such as Corporate, Sector and National HR Team were actively involved in this initiative. This process consisted of six phases, i.e. i) understand ii) assess iii) develop iv) test v) implement and vi) evaluate. Again this process was used in two phases: Phase I consisted of understanding and developing strategy and Phase II consisted of execution. In every cycle, the learning opportunities in the areas of the individual, team, structure, culture and organization were identified and resolved. This entire transition process leveraged upon a clear vision of the organization, systematic planning, and the partnership that was strongly ingrained in the

organizational culture that cherishes collaboration. Thus this win-win organizational development partnership created the necessary transition at Transcontinental Media. (Source: *Evolving Towards An HR Business Partner*, Transcontinental Media, 2004). As delineated by Peter Senge, these are the attributes of a learning organization which enables a culture of sustaining the inherent desire to learn at all time and thus facilitating transition quickly in times of need (as demonstrated in the case of Transcontinental Media). Organizational development led to an integrated system of renewal of knowledge through systemic channels of knowledge management and collaborative work within the organization. Even the use of external consultant is pertinent in enabling this transition.

4. Dispersion of Management Knowledge across the organization

It is not enough to acquire knowledge to help management of the organization. This should go beyond and spread to those niches of the organization which will ultimately gain from this knowledge through application. This dispersion of management knowledge is vital in enabling the organization to leverage from the acquired source of knowledge as this can then enter the systems and processes of the organization to enable it in benefiting from the same.

As Leadbeater has argued, companies will have to invest not merely in new machinery to make production more efficient, but will also have to ensure the flow of know-how that will sustain their business. Organizations will have to be good at knowledge generation, appropriation and exploitation and this process is difficult:

“Knowledge that is visible tends to be explicit, teachable, independent, detachable, it also easy for competitors to imitate. Knowledge that is intangible, tacit, less teachable, less observable, is more complex but more difficult to detach from the person who created it or the context in which it is embedded. Knowledge carried by an individual only realizes its commercial potential when it is replicated by an organization and becomes organizational knowledge.” (*ibid*: 70, 71, Leadbeater, C. (2000) *Living on Thin Air. The New Economy*, London: Penguin.)

The dissemination of management knowledge can happen through several channels such as informal and formal meetings, discussions, and electronic exchanges. However, the management will have to verify the authenticity of the sources of knowledge before using it and even test its concurrent validity. This knowledge would have to be culled from pertinent information sources and will have to be redeployed to the functional and operational domains of the organization where it is needed. This entails streamlining of the knowledge flow within the organization to make it possible for the managers to access any such source at will. While hiring consultants and third-party sources of knowledge, it would be crucial to internalize the acquired knowledge as soon as possible before it escapes the system through lack of use. It may simply happen that the knowledge captured may not be internalized and the organization may expend its resources inappropriately. For this the system should be well in place to channelize any new source into its relevant application within the organization. Often experientially the organization may not be adapt at leveraging upon the knowledge in its practical form and may continue to use the knowledge of the past to manage itself without dispelling the outdated source of information. This makes it important to ensure that the knowledge that is significantly new will have to spread across the organization, at least to those parts where it will be applied. This dispersion must be ensured by the knowledge management praxis of the organization.

5. Managing The knowledge - A Paradox

It is quite self-contradictory to think that as soon as we acquire knowledge, it becomes obsolete as newer forms of knowledge are emerging elsewhere and to break this paradox of the new becoming old, we will have to use ideas, concepts and “thoughtware” by treating this as amorphous and ensuring that they are captured and retained with the larger premise of continuous updating and revalidation. Since this involves resilience of a very high order to make the new available, it would be in place to synchronize all sources of knowledge management and integrate the external sources of knowledge in a perennial form. How any organization can probably break this dichotomy of knowledge capture is a very significant question. This can only be answered by creating adequate receptacles within the organization for managing business knowledge. I. Nonaka (Managing Industrial Knowledge, London: Sage, ed. 2001) has emphasized the interaction between the explicit and inexplicit knowledge. Here if firms are good at knowledge management then there is an organic relation between different types of knowledge. Here the knowledge transfer in case of learnt knowledge such as that which acquired on the organizational shop-floor through trade training or on-the-job learning can be passed between people through direct transfer in a work setting. But if this has to be capture for long-term use then the informal tacit knowledge will have to be captured through a more formal codification of informal knowledge, such as training manuals. This ensures both management of knowledge and its continuous use. Of course a lot of management knowledge-sharing happens in an informal context and that this should be appropriately retained and updated for further use. As any knowledge is meant for a specific purpose and time, its contextualization has to be significantly clear to use it aptly.

There may be external sources from where management knowledge may come into the organization. These sources essentially come from the pressures that any organization faces in its race for survival. These pressures come from external forces such as the government, competition levels in the particular industry, trade and business associations and pressure lobbies and many more. An organization may be forced to adopt a certain type of knowledge which is prevalent in most organizations. For instance, if GE uses a network organization structure then many more multinational organizations are globally likely to sue the same structure. DiMaggio and Powell (P. J. DiMaggio & W. Powell, "The iron cage revisited" institutional isomorphism and collective rationality in organizational fields", American Sociological Review, 48 (1983), 147-60) reinforce this by emphasizing the concept of “isomorphism”:

“Organizational structure, which used to arise from the rules of efficiency in the marketplace, now arises from the institutional constraints imposed by the state and the professions. The efforts to achieve rationality with uncertainty and constraint lead to homogeneity of structure (institutional isomorphism).”

This isomorphism transgresses regional barriers and often complicates the rules for management knowledge acquisition. For example setting of BPOs in a big way in country like India, this is a trend followed by all large multinational and transnational organizations. Another problem is that the dissemination of such knowledge happens in an industry-bound and in a highly “must do” mode, leaving no great license for the companies to evolve their own individual way of using the available source of management knowledge. This is to say that organizations are often coerced into using the practices used by industry leaders and other impact-making organizations and here they may have no choice of their own but to borrow the industry practice and do what significant others do. Given this backdrop, managing management knowledge is a tricky proposition. Since on hand, the knowledge needs to grow to be synchronized with current needs and on the other it simply needs to use “accepted ideas, concepts and practices”. This may mean continuous scanning within and without for apt

resources and amply incorporating them to help kill the dichotomy of knowledge management and also to avoid obsolescence. This may resolve the paradox of the new becoming old upon acquisition as continually the transfer of management knowledge will happen and will also inform all business processes through suitable application. Knowledge management practice within the organization will have to consider time, organizational and industry limitations while acquiring and using management knowledge.

6. Developing a Knowledge sharing culture

Every organization needs to internalize the value of knowledge-sharing and learning to emerge as a learning organization as emphasized earlier. Here shared beliefs about knowledge are very significant. Consequently this will create the right milieu for managing every form of knowledge. Whenever the top management of the organization uses a specific manner of acquisition, transfer and application of knowledge, then it is likely that this will be emulated everywhere else in the organization. This particularly holds true in the organizational behavior area, for instance if there are certain behavioral norms then these will be followed across the organization, even if they tend to be not so rational sometimes. This includes styles of leadership, decision-making styles and other area of work-related behaviors. Here it would be quite significant to develop a work culture that is healthy and that which promises to endorse positive behavioral norms and ensure that these are practiced across the organization.

While any senior manager makes a key decision for the organization, he is often watched by one and all in the organization. The information that he seeks and process while making such decision may be an individual habit, but this will get reflected in many more places in the organization since every one who is watching this behavior may get impacted by it. Therefore it would be pertinent for senior managers to ensure that their work-place behaviors reflect the core values of the organizational culture and that this is synchronistic in managing management knowledge. It will be the responsibility of the top managers of the organization to establish the culture of knowledge-sharing. They will have to endorse such practices by reinforcing positively those behaviors which promote knowledge as a value and help in dissemination of the same across the organization. The community of managers within the organization will have to ensure this through informal networks and external endorsements. This will be useful in setting up a culture which will encourage knowledge-seeking and knowledge-sharing as an important managerial strength and will also lead to better management of such knowledge resources within the organization. Peter Senge's learning organization will evidently first have to learn to "learn how to learn as a collective". This achieved, the organization can manage any form of management knowledge more efficiently and in a contextually relevant manner.

7. Conclusion

Management of management knowledge may traverse many domains of knowledge-sharing and is complex process of cross-functional variables. Right from the technical to the behavioral, all the paradigms converge here and therefore managing such knowledge is extremely complicated. While making business decisions, manager uses several important forms of knowledge ranging from third-party consultation to intuition. The use of any given form of knowledge here will depend upon the organization's past practices and current business needs. Due to a knowledge explosion, managers find it exceedingly difficult to juggle with these myriad sources of knowledge and may often look at the industry leaders for doing what may be just right. It is imperative that though management knowledge experiences fads and fashions in terms of what is current and acceptable, organizations also delve into

their “own ways of doing things” . It would be healthy for nay organization to inculcate values which reinforce knowledge-seeking behaviors to help this permeate the culture of the organization.

As the role of a business manager gets more and more complicated so will the mode of knowledge management get more and more complex. To keep in the current loop, the business managers of today will have to smartly work around the intricate web of available knowledge sources and use the one which best addresses its current need, however often this judgment may be heuristic or intuitive. In a knowledge economy where knowledge is the most powerful currency, it would only be pertinent for any organization to ensure that it learns faster than the next competitor in the market. And not just that also use it to ensure that its mental agility is in no way diminished. The knowledge capital of business may be perhaps the only significant determinant of an organization’s success. And therefore business managers will have to ensure that the pertinent management knowledge reaches them first and enables their respective organizations to leverage upon the power of knowledge. Since the first to be informed may be the first to innovate and may also be the first to reach the customer. Here Peter Drucker has the last word on knowledge management as he succinctly encapsulates the significance of knowledge (Managing Knowledge Means Managing Oneself: <http://www.leadertoleader.org/knowledgecenter/L2L/spring2000/drucker.html>):

“To succeed in this new world, we will have to learn, first, who we are. Few people, even highly successful people, can answer the questions; Do you know what you're good at? Do you know what you need to learn so that you get the full benefit of your strengths? Few have even asked themselves these questions.” Once these questions have been answered, then perhaps the management of management knowledge would evidently have happened and would have led to its promise of a more enabled and successful organization.

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