

The Link between Knowledge Management and Competitive Advantage

By: Chitradip Pramanik

Over several years of different studies, executives in large organisations or multi-national companies have realised that the utilisation of knowledge and its plausible management is a potential source of sustainable competitive advantage. Considering knowledge and its proper management as a strategic and tactical element respectively, both of these could potentially affect the top-line as well as the bottom-line of businesses. Although it sounds quite simple to one's ears, it is extremely challenging to capture tacit knowledge. And more so, to transform it using knowledge management and to use it effectively to have distinctive competence in the contemporary business environment characterised by dynamic, incremental and radical pace of change.

Every business organisation across the globe possesses knowledge assets, mostly in the form of tacit knowledge but it often fails to connect both to achieve sustainable competitive advantage. The edge lies in efficiently and effectively transferring knowledge across the organisation. The domain of knowledge management addresses the broad processes of identifying, organising, transferring and more effectively using information and expertise within an organisation. Apart from these, several other drivers have pushed this forward such as the pressing need to reduce cycle time, losing knowledge due to attrition or downsizing and the alike.

Recent developments in IT have made a significant improvement in managing and sharing knowledge comprehensively across the organisation. Although there is a plethora of vendors with different forms of knowledge management systems, in reality most of them are more of information retrieval engines or document management systems in a new avatar. What is actually needed is a technology with the *ability to capture tacit knowledge*, which should be *easily accessible* and *available* with the capability of *timely dissemination of information* as well. Moreover, it should have the following features: *open and distributed, customisable, measurable* and *secure*.

As a well-known fact, it is relatively easier to reuse, organise and collaborate on the explicit knowledge of any organisation. The difficult part lies with the knowledge that resides in individual employee's head, termed as tacit knowledge. To address the difficulty of capturing the latter kind of knowledge, organisations could use different mechanisms which can be complex or be out-of-the-box. I believe in the second option, where this issue could be dealt with differently by *developing a culture of knowledge sharing, incentivising knowledge sharing, creating more opportunities to collaborate and share knowledge*. All of these, could bring in the following significant facets to a knowledge management system:

- i. *Knowledge Warehouse*: this would make all the information within the organisation available to the employees, anytime.

- ii. *Collaborative Support*: a question-and-answer as well as socialising intranet site where queries would be answered, edited and organised by the employees.
- iii. *Experiential Learning*: platform to share individual incidents with respective resolutions for others to learn from.
- iv. *Policy Desk*: repository of organisational policies and procedures.

In today's world, knowledge based economy is the reality. There are several issues and challenges in identifying knowledge, implementing and measuring knowledge management strategy. But there should always be a proper linkage between knowledge management and corporate and business strategy of the organisation. Without this integration, the system would fail to deliver value to the organisation in terms of giving it a distinctive edge in the market and also creating a competitive advantage.