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Knowledge Management Practices in Information Technology Companies – HR Executives' Perceptions

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Abstract: *It is always a challenge for any company more so for IT companies where employee attrition is high, to retain high performing employees in the company. In any IT company HR department plays an important role to retain employees. Good HR policies related to knowledge management would definitely contribute in building the positive employee morale, creating contributing employees, facilitate employee retention and ensure employee satisfaction. Employee satisfaction is very important for any IT company as employee satisfaction is directly related to the work effectiveness and also work efficiency. It is rare that a satisfied employee would be willing to change his organization. This research paper explores such Knowledge Management practices followed in the IT companies of Mysore.*

Keywords: *Knowledge Management, Knowledge Management Practices, HR Practices, Employee Satisfaction, Employee Retention.*

I. INTRODUCTION

“An empowered and motivated employee is a great asset to any company”.

Salary is not the only criteria which motivates and keep employees contented. There could be other factors in the form of HR practices and policies that could keep the employees happy and loyal to the company. One such HR policy is continuous learning through Knowledge Management which helps the employee in enhancing his knowledge, skills and also in shaping his attitude thereby helping in achieving the organizational outcome. Commitment to Best Practices, Knowledge and Excellence is continually at the forefront of HR Manager's mind. The benefits and advantages received by the organization as a result of Successful Knowledge Management, could give the organization a competitive edge over others.

Knowledge Management (KM): comprises a range of strategies and practices used in an organization to identify, create, represent, distribute, and enable adoption of insights and experiences. Such insights and experiences comprise knowledge, either embodied in individuals or embedded in organizational processes or practice.

Many large companies have resources dedicated to internal KM efforts, often as a part of their 'business strategy', 'information technology', or 'human resource management' departments.

Knowledge Management efforts typically focus on organizational objectives such as improved performance, competitive advantage, innovation, the sharing of lessons learned, integration and continuous improvement of the organization. KM efforts overlap with organizational learning, and may be distinguished from that by a greater focus on the management of knowledge as a strategic asset and a focus on encouraging the sharing of knowledge.

II. OBJECTIVES

Employee attrition is high in IT companies and hence retaining employees of good performance is very vital for it. Good HR policies and practices can provide help in keeping the employees motivated and satisfied and also help the employees to grow with the organization thus, inspiring employees to continue work in the same organization, thereby helping the organization in retaining its employees.

To accomplish the above said goal, there could be various measures in the area of Knowledge Management undertaken by the companies. This study is conducted to unearth such Knowledge Management practices followed by IT companies in Mysore.

III. LITERATURE REVIEW

Davenport & Prusak, (2005) define knowledge, "As a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. It originates and is applied in the minds of knower. In organizations, it becomes embedded not only in documents or repositories but also in organizational routines, processes, practices, and norms."

Tece (2000); Huber (1991); Nonaka (1991); Zack (1999): Knowledge can be generally classified into either explicit knowledge or tacit knowledge. Explicit knowledge is formal, systematic, and quantitative data that can be easily recognized. It can be articulated formally as pictures, models, and/or documents. Explicit knowledge can be duplicated and transmitted easily and it can be stored and processed by automated means. Examples of explicit knowledge include written procedures and policies. Tacit knowledge is less formal, less systematic, and qualitative in nature. It cannot be easily recognized. Tacit knowledge is difficult to articulate formally and difficult to communicate and share via standard procedures. Tacit knowledge includes insights, feelings, cultures, and values. It accumulates through the experience of an individual, and it is the source of knowledge creation.

Wiig, Karl M. (1997): Knowledge Management is to understand, focus on, and manage systematic, explicit, and deliberate knowledge building, renewal, and application-that is, manage effective knowledge processing.

Nonaka (1991): Successful companies are those that consistently create new knowledge, disseminate it widely throughout the organization, and quickly embody it in new technologies and products by tapping the tacit and often highly subjective insights and intuitions of individual employees and making those insights available for testing and use by the company as a whole.

McElroy, Mark (2000): KM is about understanding how knowledge is created and how it is shared and diffused throughout an organization.

When it comes to the benefits of Knowledge Management, **(Davenport et al., 1998)** argues that Knowledge Management can bring direct economic benefits to the firm through saving or earning money. **(Zack et al., 2009)** finds that Knowledge Management is connected with product leadership, customer intimacy and operational excellence. **(Lee and Choi, 2003; Marque's and Simo'n, 2006; Darroch, 2005)** Knowledge Management is associated with firm's overall performance and with financial performance.

Based on the existing literature on HRM practices for Knowledge Management, **(Svetlik and Stavrou-Costea, 2007)** HRM is mostly about managing the employees whose most important resource is knowledge, which makes HRM and KM very closely interrelated. HRM and KM share common practices and aims when creating work units, teams, cross-functional cooperation as well as networks inside the organization and across its borders.

(Hansen et al., 1999; Hislop, 2003; Scarbrough, 2003; Wong, 2005) HRM policy and practice play a significant role in KM and are a powerful means of aligning employee efforts with the knowledge strategy of the firm. According to Demarest (1997), modern HRM should be focused directly to the knowledge-producing capacity of the firm. Scarbrough (2003) states that KM has important implications for the management of human resources, particularly in the development of knowledge sharing. (Scarbrough, 2003; Wong, 2005) pointed out three aspects of HRM that are particularly important in shaping the flow of people and knowledge: employee selection methods, compensation strategies, and career development systems. First, effective selection of new employees is crucial because it is the process of building onto an organization's knowledge and competences. Organizations should hire those who have the required knowledge and skills that they desire. Second, compensation strategies can help promote KM. Both tangible and intangible incentives can motivate employees to share and create knowledge. The third aspect is career systems, which concern systematic training and education to employees and how to retain good employees and their knowledge when they leave the organization.

Based on a review of studies explicitly combining HRM and KM, it seems that an essential part of HRM for KM is rewarding and remuneration. Mohrman et al. (2002) argue that: HRM practices, such as development and reward systems, should be directed to motivate and build the capabilities of employees to perform effectively and contribute more extensively to knowledge leverage, generation and application. Yahya and Goh (2002) in their empirical study among 300 Malaysian managers found that compensation for knowledge contributions was typical for "knowledge organizations". In the existing literature rewards have mostly been discussed in connection with knowledge sharing. Szulanski (1996), found that knowledge sharing is in fact counter to the automatic behavior of individuals and needs to be especially promoted in order to happen. (Husted and Michailova, 2002) Unless knowledge sharing is reflected in reward mechanisms, it is unlikely to take place. Compensation strategies aimed at promoting knowledge sharing can be both tangible (bonuses or one-off rewards) and intangible (status and recognition), (Scarbrough 2003) monetary or non-monetary. (Kulkarni et al., 2007) Incentives of multiple types are likely to lead to best results for encouraging knowledge sharing – as well as other knowledge processes such as knowledge use.

IV. RESEARCH METHODOLOGY

- A. *Data Sources:* The HR managers, HR executives of various IT companies in Mysore.
- B. *Collection Methods:* The primary data was collected through mailed questionnaire method, Personal Interview method and Telephonic Interviews. The questionnaire comprised of both closed and open type questions for collection of the primary data.
- C. *Sampling Method:* The random sampling method was used.

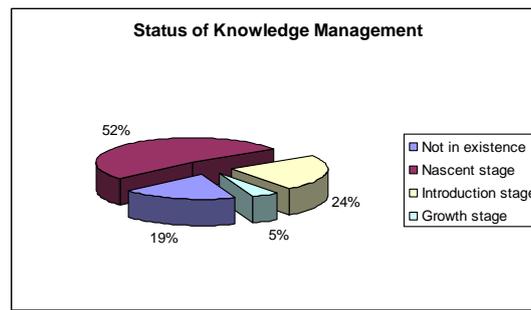
V. DATA ANALYSIS AND RESULTS

For the place like Mysore, the questionnaires were administered to the Human Resource executives of Thirty (30) Information Technology companies. These companies were selected using Random sampling method. Out of these, the data was collected from twenty one (21) IT companies. Other means of data collection was through websites as well as through telephonic calls to the HR executives of the company. Data related to the Knowledge management practices of HR were collected from these HR executives of the IT companies.

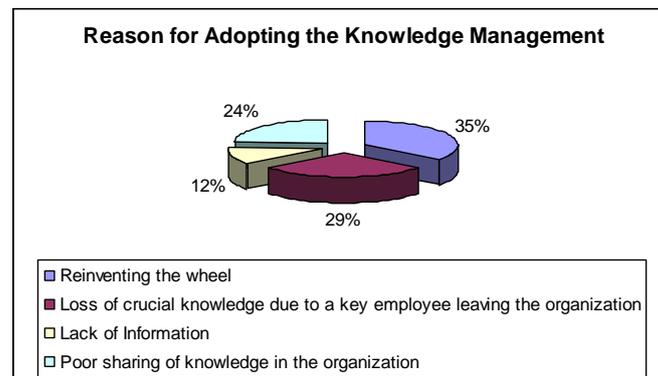
The data thus received from companies for the knowledge management practices were analyzed using descriptive statistics and percentage analysis and the results of the analysis are as detailed below.

- **Current status of Knowledge Management in the Organization:** It is very much surprising to know that only 5% of the companies have the knowledge management in growth stage. 23.8% of the companies are in the process of introducing the knowledge management in the organization. In 52% of the companies the knowledge management is

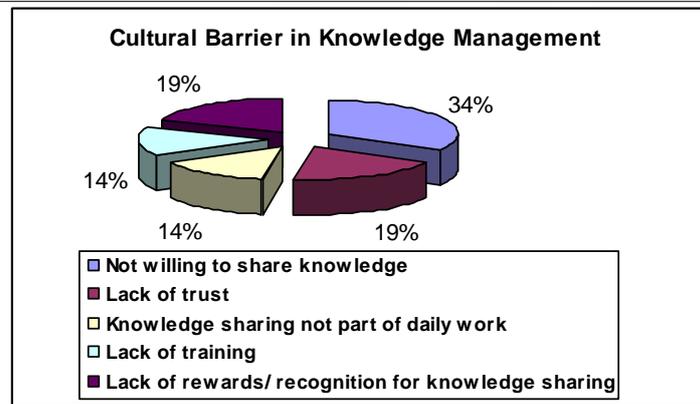
still in the nascent stage. Software development companies falling under this category have project documentation process in place using which they can retrieve the knowledge about the project. Remaining 19% of the companies do not have knowledge management system at all. Most of the hardware vendors fall under this category.



- **B. Knowledge as a part of the asset base:** 90% of the companies have recognized the knowledge as the corporate asset base. This is a very good sign which could lead to the establishment of the full-fledged knowledge management system in the organization. Remaining 10% of the companies are not sure of considering the knowledge as asset base.
- **C. Reason for adopting the knowledge management:** Out of 16 companies who have adopted the knowledge management in some form, 35% of the companies adopted knowledge management to avoid reinventing of wheel. 29% of the companies adopted the knowledge management to avoid the crucial knowledge loss due to key employees leaving the organization. 12% of the HR executives in IT companies given the reason for adopting knowledge management as lack of information. 24% of the companies do not have proper knowledge sharing mechanism and this was the reason for them to adopt the knowledge management.



- **D. The status of Stored Knowledge in the Organization:** All the companies adopting knowledge management have the corporate knowledge stored in some form or another. Out of these companies 29% of the companies opined that the knowledge stored in the organization is relevant and also updated regularly. Remaining 71% of the companies having the stored knowledge feel that even though the knowledge is relevant it is not getting updated regularly.
- **E. New knowledge creation:** 41.2% of the companies view the new knowledge creation as every ones job and every one contributes to it. 29.4% of the companies felt that the knowledge creation is due to the continuous support from the top management. It is happy to know that the new knowledge creations for remaining 29.4% of the companies are part of the organizational philosophy and culture.
- **F. Cultural Barrier in Knowledge Management:** 34% of the HR managers feel that not willing to share is the cultural barrier in KM. 19% feel lack of trust among employees, 19% feel lack of Reward/ Recognition for knowledge sharing, 14% feel that knowledge sharing is not part of daily work and remaining 14% felt that no proper training for the employees to contribute to knowledge management.



Following are the best Knowledge Management Practices followed by some of the companies.

- ✚ Involvement of all the employees in knowledge Management Process.
- ✚ Encouraging employees to contribute to Knowledge Management by posting articles related to new technology, software, project etc.
- ✚ Rewarding employees for their contribution to knowledge Management Process.
- ✚ Giving points to employees as and when they contribute to knowledge management and converting these points into currency at the end as a reward to the employee.
- ✚ Making knowledge creation as part of the organizational philosophy and culture.

VI. FINDINGS

When it comes to the knowledge Management, most of the IT companies in Mysore have Knowledge Management still in nascent stage and are yet to establish the knowledge base and the culture of knowledge sharing in the organization. There is a huge scope for the management to get involved in establishing a good knowledge management system in the organization. When it comes to barriers in knowledge sharing, employees feel that if they share the knowledge, they would be losing the importance in the organization. Hence the responsibility of creating the awareness among the employees of the organization is the need of the hour in most of the IT companies.

VII. CONCLUSION

The study on the “Knowledge Management Practices in Information Technology Companies – HR Executives’ Perceptions” has helped in bringing out the analysis on different parameters in the area of Knowledge Management based on the perception of HR executives. It has been observed from the data collected the few IT companies in Mysore have Knowledge Management practices in place that can be matched with any of the best company in world.

Since many of the IT companies in Mysore are very young and in the process of growing they are open for adopting the best HR practices followed in the IT industry. The study also revealed that there is a huge scope in the area of Knowledge Management and the awareness about the benefits of Knowledge Management can be created among these IT companies.

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