

# Wangle the Organizational Internal and External Knowledge – A New Horizon for Sustaining the Business Stability

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**Abstract**—Knowledge is renowned as a significant component for sustaining competitive advantage and gives leading edge in business. This study emphasizes towards proper and effectuate utilization of internal and external (both either explicit or tacit) knowledge comes from stakeholders, highly supportive to combat with the challenges and enhance organizational productivity. Furthermore, it proposed a model under context of IRSA framework which facilitates the organization including flow of knowledge and experience sharing among employees. In discussion section an innovative model which indulges all functionality as mentioned in analysis section.

**Keywords**—Effective Decision-Making, Internal & External Knowledge, Knowledge Management, Tacit & Explicit Knowledge.

## I. INTRODUCTION

UTILIZATION of all available sources in an effective manner within the organization might be provide the long term benefit for the organization. Most preferable source for fight with the problematic situation in the organization is only intangible assets i. e. knowledge. Drucker (1998) writes about ‘three period’ of organizational change in the western industrialized countries. The first period covering 1895 to 1905, refers to how management became distinct from ownership. The second period, from the mid 1920s until the mid 1950s deals with how the ‘command and control’ hierarchy became the dominant mode of industrial organization throughout the world (with its reliance upto departments and divisions). Third period, which we are currently experiencing, deals with the shift to ‘the information-based organization, the organization of knowledge specialists’.[1]

## II. LITERATURE REVIEW

Drucker (1997) sentiment that mature knowledge-managing organizations will match symphony orchestras more than large factories’ becoming ‘knowledge-centered’ means mature

knowledge-managing organizations devolve decision making to those best placed in the organization to make the decisions.[2] This is what Kim and Mauborgne (1997) label ‘engagement’, nothing it ‘communicates management’s respect for individuals and their ideas, [it] sharpens everyone’s thinking and builds better collective wisdom. Engagement results in better decisions by management and greater commitment from all involve in executing those decisions’.[3] The goal here is to create a workplace where staff feel as though they are autonomous and responsible, true partners in the business. Davidson and Voss (2003) pointed out that any organizations earnestly speculate knowledge management should work with its management team to insight questions like; what business are we in? what kind of problems do we solve? where do we get the knowledge we need of those solutions? and what mechanisms can we create to ensure the on going identification of problems and potential solutions?’ The main point is to find out strong strategic way for the organization through knowledge by focus organization’s need both proximate and operational.[4] Consider how knowledge helpful for wider business environment and future changes. Davenport and Prusak (1998) describes the most successful knowledge organizations and those where knowledge management is part of everyone’s job.[5] Davidson and Voss (2003) finds out that knowledge management is all about working smarter, through empower all employee level via learning. In the end knowledge management comes down to recognizing that the experiences and ideas of employees in any organization provide a pivotal source of competitive advantage.[6] Knowledge management is about attracting the right people with in the organization, keeping them challenged, treating them well, and allowing them to shape part of the organization in their own iconic mental representation. Nonaka (1998) well-defined about knowledge that offers the only source of ‘lasting competitive advantage’ economically. This more holistic approach to knowledge is also founded on another significant insight a company is not a machine but a living organism.[7] In other words of Stewart (1999) you cannot define and manage intellectual assets unless you know what you are trying to do with them, be clear that what we once knew to be important can blind us to new realities and opportunities (Rumizen, 2002).[8] Garvin (1998) elaborate ‘learning organization’ as one that is ‘skilled at creating, acquiring and transferring knowledge and at modifying its behaviour to reflect new knowledge and insights’ consistency in business

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improvements involves an allegiance to learning. Learning organization perform five main activities such as;

- 1) Systematic problem solving
- 2) Experimentation with new approaches
- 3) Learning from their own experience and history
- 4) Learning from the experiences and best practice of others
- 5) Transferring knowledge quickly and efficiently through the organization.[9]

Davidson and Voss (2003) finds the logic of four-phase model is straight forward; you identify where the knowledge resides in your organization; reflect on what it is that you know; share that knowledge with whoever needs to know it; and then apply that knowledge to change the way people do things in the organization. With support of this model we can see that knowledge management is about transforming knowledge into action through which the effective communication of data into information and then knowledge. It's all about creating organizational work process and improved performance by identification of the key knowledge assets that exist inside the organization; reflection about what your organization knows and by extension, what it doesn't know; sharing that knowledge with whoever needs to know it; and applying that knowledge to improve the business by checking its feedback.

#### A. The I-R-S-A Framework

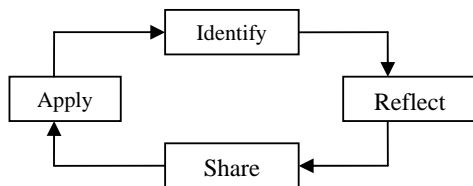


Fig. 1 I-R-S-A Framework

Source: (Davidson and Voss 2003, Knowledge Management in global perspective)

The basic purpose is to outline structural and process changes by Davidson and Voss (2003), as above is to create an organization where staff identify, reflect upon, share, and apply knowledge during job task on daily bases. Distinctly, this is a culture high in trust, where knowledge sharing is the norm, and this knowledge-sharing behaviour are modeled from the very top of the organization in which staff at workplace think perfectly natural to ask others in the organization, even senior staff, for the help they need. It is also one where talking to others, reading at work. All this takes place within the context of an organization that is clear about the contribution knowledge makes to its competitive advantage and steps necessary to nurture and reproduce that knowledge. This is reflected in high rates of business growth and removes the hurdles which faces during work process ultimately organizational process and performance improves on daily base and give competitive edge over others.[10] Davenport and Beck (2001) give attention towards better utilization of organizational systems within knowledge management tool as a powerful source[11] while Davenport and Prusak (1998) noted that creating the 'space' for staff to

share and manage knowledge, during busy hours working it becomes very difficult to take time to learn while knowledge sharing behaviour will help them to work more efficiently.[12] Simply describing above model by Davidson and Voss (2003) that you identify where the knowledge lodge in your organization, reflect on what it is that you know, share that knowledge with whoever needs to know it, and then apply that knowledge to change the way people do things in the organization.[13] In the whole process learning of employee automatically improve, most of the time employee learn from their own experiences and generate positive results for organization business.

#### B. Tacit and Explicit Knowledge

The value of tacit knowledge is only known through its outcomes - innovation and organizational performance. Keskin (2005) found that tacit knowledge, explicit knowledge and performance are closely related especially when the external environment is antagonistic.[14] Horvath (2007); Tacit knowledge spreads when people meet and tell stories. As tacit knowledge remains hidden, unspoken and tacit, this knowledge can either knowledge embodied in people and social networks or knowledge embedded in the processes and products that people create.[15] Egbu et al (2005); Western research believed that knowledge must be explicit to turn into performance[16] but Leonard & Sensiper (1998) point out that knowledge not necessarily need to be explicit in utilizing it. Knowledge can remained tacit but collective tacit knowledge to lead to creativity and innovation.[17] Tacit knowledge is "being understood without being openly expressed" (Random House Dictionary of the English Language, 1971). Stewart (1997) describes tacit to explicit knowledge including record discussions, descriptions and innovations in a manual and then use the content to create a new product. Converting tacit knowledge into explicit knowledge means finding a way to express the inexpressible.[18] Brown and Dugid (2000) focus towards the organizations that deal with the hurdles and problematic situations through effectively utilize the employee tacit and explicit knowledge and take advantages from it. Usually use tacit knowledge to foster creativity and innovation and use explicit knowledge to make the work environment expected and guide the way tasks are organized.[19] According to Smith (2001) explicit knowledge normally saved in fast information system and easy access able to each individual with high quality and reliable in codified form. This knowledge reuse with time to time and highly effective to solve the same nature of problem.[20]

#### C. Significance of Knowledge

According to Petrides and Nodine (2003) the use of knowledge management method enables the encouragement of the greater intelligence, practical know-how; Knowledge management offers the superiority of practical assessment framework that depends on the effectiveness of information management.[21] Alok Sharma & el. (2007) states that by using information technology i.e, (information system or

software) we can implement knowledge management effectively.[22] Galagan (2003); As the nature of the economy evolves and the need to develop intellectual capital grows, industry experts agree that involvement in knowledge network development is an avenue for professional success (or survival).[23] Krebs (1998); Communities in companies self-organize naturally around common problems, interests, customers, and complex knowledge areas. It is within these networks where core competencies of organizations are stored, shared, nurtured and enhanced.[24] Individual learning is facilitated by being a member of one or more of these knowledge networks. Zhou & Fink (2003); the structures and relationships that allow workers to share information, brainstorm, refine ideas and create innovations are called knowledge networks. Workers in today's economy add value to the organization by synthesizing and analyzing information, then planning and making decisions based on that information.[25] The work that builds intellectual capital especially customer relations capital, organizational capital, innovation capital, process capital, intellectual property and intangible assets– requires problem-solving skills and the ability to apply judgment. Knowledge adds value to an organization through its contribution to products, processes and people, while knowledge management transforms data into information and intellectual assets enduring value by identifying “useful knowledge” for management actions (O'Dell, 1996).[26] Zack (1999); Knowledge is the most valuable asset to organizations and individuals alike. Organizations must efficiently and effectively create, locate, capture and share the organization's knowledge and expertise to remain competitive.[27] Wiig (1997); Knowledge Management framework proposes three KM pillars which represent the major functions needed to manage knowledge. The pillars are based on a broad understanding of knowledge creation, manifestation, use, and transfer.[28] Kathy et al. (2005) describes that rapid change at work place can effectively managed by using intellectual capital and knowledge networks also .training and development will helps to increase intellectual capital of a company while knowledge networks provides long term benefits in terms of increase in intellectual capital productivity and return on investment.[29] Butschler (2002) needs analysis of the organizational areas that most effect strategic goals, to identify where information flows smoothly and effectively, and where it bogs down. It's best to do this at organizational level, process level, and individual level.[30] Davenport and Prusak (1998) consider that knowledge as a “expert brainstorm, unstable admixture of experience, contextual information and values that provides a framework for evaluating and unified new experiences and information”.[31]

### III. ANALYSIS & DISCUSSION

There are several areas that helpful for the organization to compete with the challenging situation and explores the new dimension in the same business market by effective utilization

of the knowledge both internal and external. This intangible assets and people intellect secure the organizational business and it will leads towards the long term business stability.

Knowledge stakeholders act as an individuals or bodies that may exist inside and outside the organization become a source to generate the valued information which is highly effective for the organizational business purpose. Many organizations well known about the employee's knowledge (tacit & explicit) comes in the category of internal knowledge. Regular conducting information sharing session and delivering by the experienced staff, effective tool to enhance the employee's knowledge capabilities. These sessions helps to explore the employee tacit skills and convert it into explicit skills. Mean while organizations pay less attention towards the external which based on external individuals or bodies. This knowledge comes from the out side the organization and secures the organizational business from upcoming challenges and leads towards the competitive edge in the market. External source of knowledge comes consumers, suppliers, competitors, government agencies and social communities circulate in the market continuously generate the information, its effective utilization gives strategic business advantages.

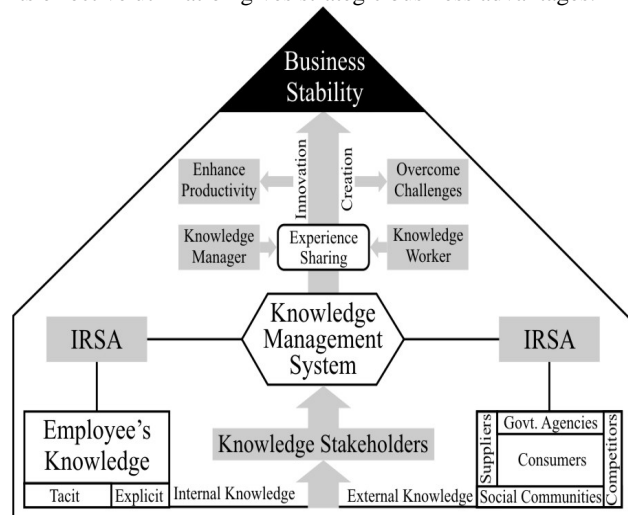


Fig. 2 Internal and External knowledge leads towards Business Stability

IRSA frame work crates a straight link with internal and external knowledge, as given in figure its directly linked with the organizational knowledge management systems via identifying, reflecting, sharing all core information and provide easy access towards all employee level positions. Its generate the source of learning for all employee after one click from regional offices provide timely solution of the problem, at that position own experience and experiences of other employees also value able source for making effective decisions timely. Updated information timely available at each corner of the organization, its supportive for the knowledge workers to act upon the hurdles and problematic situation earnestly.

Knowledge management system contains all information

which comes from stakeholders arranged in a sequential order. Implementation of this system provide knowledge skilled man force inside the organization and build a confidence to fight with the problematic situation and highly impact on the individuals performance and gives efficient results.

Proper sharing of knowledge and problems with co-workers, seniors and sub-ordinates by adding their own pervious experiences and learn from the experiences of others leads towards the strategic goals achievements, and resulted into maintain the organizational business in stable position.

Good or bad experience sharing culture among all level employee and specially during information sharing session, workshops, meetings generate the new ideas and thoughts.

Knowledge and experience brainstorming at different job levels gives two output results in shape of innovation and creation in the organizational product and services.

Innovation in product and services comes form the knowledge and experiences of knowledge workers and play a vital role to more stabilize the business, while creation in current and existent product and services offer to consumers dealt with the dynamic change of consumers. Its will highly supportive to maintain the loyalty of customer. Creation in product and services via knowledge and experience also gives competitive edge in the market and minimize the challenges.

In this whole scenario the organization works as a knowledge hut in which all the hurdles, problems comes under one roof and experts act upon it on priority bases and finds new short cut ways for instant growth of organization business. Knowledge workers and managers design and formulate their short and long term strategies by effective utilizing the knowledge management system.

This framework gives strength to organization where they can avails the leading and challenging position within a specific period of time, all knowledge of business market and internal organizational capabilities stored in a single place that helps to fight against the problematic situation.

#### *A. Enhancing Capabilities among Workers*

Building the knowledge capacity within the brains of workers and mangers by conducting the information sharing workshops and arrange knowledge trainings by sourcing experts form the market and also utilize the knowledge intellects exist inside the organization. These arrangements produce knowledge, skilled and capable man force for the organization and very supportive to build the knowledge organization.

- 6) Knowledge sharing workshops
- 7) Arrange get together among experts and workers.
- 8) Special courses delivered on problem handling situations, decision making.
- 9) Training session must contain simulations.
- 10) Forecast and aware to employees about future challenge.
- 11) Keep up-dated the knowledge management system.

These practices must be systematically arranged and planed, also proper delivered to all employee and ensure that all out comes according to the settled goals.

#### IV. CONCLUSION

By considering all the aspects in this study effective utilization of organizational knowledge comes from external source having more impact on individual's performance and its proper utilization strategically combat the challenges, it helps to make effective decisions on the bases of current and existing data base of business market. Business stability based on knowledge management system and experience sharing culture among employees, which gives more tough time to competitors and resultant strengthen the organizational business and develop the knowledge intellects. Work smarter performs by all employees via practicing tacit and explicit knowledge during his/her completion of assign task. Organizations can get competitive edge through combine utilizing knowledge stakeholders for the business purposes will sheltered the business form current and upcoming uncertainty, possibly in long run organization act under knowledge organization.

#### V. SUGGESTIONS & RECOMMENDATIONS

This study helps to deal with the current business challenges effectively i.e. business decline, layoff and market turbulence situation for services and manufacturing concerns. Building knowledge organization and effective utilization of knowledge management system gives effective results for completing the assign task to employee and confidently act upon the queries. It provides cost effective solutions within short span of time, maximize the knowledge intellects, enhance the work performance individually and interlinked the departments, managing knowledge gives competitive edge and build leadership capabilities among knowledge workers, managing knowledge helps to innovate and create new products and services. The study further explore the key areas among Talent and Wisdom management in combination of internal and external knowledge, its relationship that leads towards knowledge organizations and produce business wisdom.

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