How to Practice the Knowledge Management Strategy in Enterprise? 
A Case Study of Company A in Taiwan

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ABSTRACT

There are many companies tried to practice the Knowledge Management (KM) in Taiwan for recent years. However, only few companies could achieve their target and successfully implement KM. This study presented a case study and the most contribution understands how to practice KM will be successful in a Taiwan-based manufacturing company. This study pointed out that there are three factors significantly influenced the development of KM including people, processes and information technologies. Moreover, the firm’s visions and strategies also deeply influence the development of KM. We proposed four steps to be the implementation guidelines for the KM in a company. Firstly, a company needs to define clear targets and correct KM strategies. Second, managers should lead the employees to participate the business of company. Third, the company should create a creative organizational culture and environment to apply the KM. The last step is to evaluate the performance benchmark of KM.

Keywords: Knowledge Management, Case Study

INTRODUCTION

The concept of knowledge-based economy has been widely recognized by international society cause The Organization for Economic Co-operation and Development (OECD) released the report entitled, “Knowledge-Based Economy” in 1996. Drucker (1995) also emphasized that "Knowledge is the only meaningful resource today". Therefore, the business executives began to realize the knowledge management is an importance issue and try to study it which included how to use the internal knowledge assets in flexible ways and how to make firm grow with the mechanism of knowledge-based economy.

The Knowledge Management News mentions that the most of the outstanding enterprises should be measured by the level of Knowledge Management (KM) (Hsiao, 2006). Knowledge has become a measurement for the evaluation of excellent enterprises and many companies try adopting KM system in their company. According to the report of the Ministry of Economic

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Affairs in 2005, there are 25.1% Taiwan’s manufacturing industry try to use the KM system (Yeh, 2006).

The purpose of the study is figure out the strategy of KM in the company. There are two research objectives in the current study. Firstly, this case study tried to explore the possible factors which influence the KM in a company of Taiwanese enterprise. Second, this case study measured the KM performance by KMAT (Knowledge Management Assessment Tool) to understand the differences between the AS-IS and TO-BE situations of KM in the company. Finally, we figured out the key factors for implementing the KM in an organization successfully.

LITERATURE REVIEW

Knowledge Management

KM is a set of professional practices to improve organizational effectiveness and enhance employees’ willingness to share knowledge in the organization. KM represents a logical progression beyond information management. Information technologies have demonstrated a notable impact on organizational intelligence products, which will increasingly enable KM, in contrast to information management, and, as such, will have a far bigger impact on organizational performance (Sveiby, 1997).

The impact of effective KM on business performance is well recognized; enterprises benefit much from successfully practicing KM (Alavi and Leidner, 1999; Conner and Prahlad, 1996; Zack, 1999). KM includes managing the knowledge that already exists in the organization, as well as enhancing the ability to create new knowledge. It is providing the right information to the right people at the right time.

Knowledge is very complex and comes in many forms and types. The most common distinction is that between explicit and tacit knowledge (Nonaka and Takeuchi, 1995). Although codified knowledge and its capture is commonplace, tacit knowledge has, up until recent years, proved elusive in its inclusion within an organization's knowledge base.

Tacit knowledge is that which is used by all people but not necessarily easily articulated (Polanyi, 1967). Polanyi also stated that tacit knowledge is a subtle conception rooted in cognitive schemata referred to as “mental models”. To sum up, tacit knowledge is subjective and experience-based knowledge that cannot be expressed in words, sentences, numbers, or formulas, often because it is context specific. It includes beliefs, images, and technical skills such as craft and know-how.

Explicit knowledge is objective and rational knowledge that can be expressed in words, sentences, numbers, or formulas (context free). It includes theoretical approaches, problem solving, manuals, and databases. In contrast to individual knowledge, organizational knowledge is a more complex and murky dynamic, involving socio-political factors of knowledge buying, selling, brokering, pricing, reciprocity, altruism, reputation, and trust. Recognition of organizational knowledge creation as a corporate resource has generated considerable interest in recent years. The evolution toward a “knowledge society” underscores the salience of the knowledge creation process within organizations (Bell, 1973; Drucker, 1968; Toffler, 1990). Nonaka (1994) stated that individual commitment is generated through intention, autonomy, and environmental fluctuation. This suggests that knowledge creation may be activated when organizational members have freedom and sufficient purpose to pursue new knowledge, such as when confronted by change in the external environment.

KNOWLEDGE SPIRAL

Nonaka and Takeuchi (1995) identified four kinds of knowledge creation in organizations as following: socialization, externalization, internalization and combination. According to Bandura (1982), individuals may learn and gain a sense of competence by observing behavior
modeled by others. For example, mentoring and apprenticeships instruct tacitly through observation, imitation, and practice. Externalization is personal knowledge that is made explicit in the form of metaphors, analogies, hypotheses, and models. Because the conversion of tacit knowledge into explicit knowledge involves the reification of an esoteric, cognitive abstraction into a concrete concept, metaphors are recommended as a way to facilitate this translation (Nonaka, 1994).

Internalization is a process in which explicit knowledge becomes part of tacit knowledge. Where externalization utilizes metaphors to facilitate knowledge conversion, internalization represents an active process of learning. Nonaka (1994) described this as “participants … sharing explicit knowledge that is gradually translated, through interaction and a process of trial-and-error, into different aspects of tacit knowledge. …Tacit knowledge is thus mobilized through a dynamic entangling of the different modes of knowledge conversion” (p. 20).

Finally, combination is how notions are synthesized into a knowledge system. Explicit knowledge may be exchanged during meetings or conferences in which a diversity of knowledge sources combines to shape a new and enhanced conception.

In view of the above, it could be concluded that the whole perspective of KM becomes a central productive and strategic asset where the success of the organization increasingly depends on its ability to gather, produce, maintain, and disseminate knowledge.

**Knowledge Management framework**

Wiig (1997) mentioned that “the KM is a set of clearly-defined processes or methods to discover and manage different-task caring for knowledge, to confirm new products or strategies and to strengthen the human resource management in order to achieve the corporate objective”. Pentti (2002) also mentioned that all of KM frameworks began from organizational strategies and objectives because the organization depends on the knowledge to make decision. Second, the organization had to provide a learning support system to assist its employees to create, acquire, store, share and apply the knowledge. Third, it was also important for the department of human resource management and the information technology system. Hicks et al. (2006) mentioned that the KM lifecycle has five steps including the evaluation of current KM situations, the planning of knowledge strategy targets, the confirmation of necessary knowledge, the development of KM programs, and the evaluation of KM performances in sequence. Finally, APQC offer five dimensions as KM successful framework, leadership, corporate culture, information technology, and performance appraisal (Hasanali, 2002).

**METHODOLOGY**

**Case Study**

Company A is one of top five plastic injection mold manufacturers in Taiwan with the sun of business about NT$ 2.7 billion. There are many branches in Mainland China, Hong Kong and Taiwan. Its business model is Built-to-Order (BTO) production, which is a service connection chain from injection molding to plastics painting. Its core operation process includes the feasibility assessment for projects, the mold design and the mold test operation. Recently, Company A's engineers use the tacit knowledge to finish those job. However, if that professional knowledge cannot transfer to explicit knowledge, then the Company A will lost their knowledge property as soon as possible. Therefore, Company A want to solve the problem that is keep the professional knowledge in the company and avoid the harmful of engineer transfer their job.

In 2006, Company A tries to use the knowledge Management system in their company and it build a project management about KM. The KM project management purpose to store and transfer the core knowledge from company A. There are two departments as development engineering and mold design already accept those KM system.
Research Method

This is a qualitative research, three steps will use in this study. First, we collected data from Company A including basic information and KM project information. Second, used KMAT to measure current KM status of the company A and thirdly, estimated the KM performances difference in Company A.

DISCUSSION

Current KM Situation of Company A

Based on the KMAT evaluation, the result shows that the five dimensions average point is 1.77 in Company A. In generally, the KMAT evaluation point should have 3 for average level which is the company practice KM successful. Therefore, Company A is failing to practice KM by KMAT evaluation.

Strategic Issues of Company A

Despite of the Company A try to practice KM, however, it still have some problem cannot find the solution way. Firstly, leadership aspect, the leader of Company A try to practice strategy of KM in the publication of professional documents and the sharing of professional knowledge or share experience by employee. This is a right direction; however, due to the strategy lack reward and learning system, employee did not have willing to share their own tacit knowledge.

Secondly, the most important for the planning of KM process is applied it into the commercial activity of the organization. It will make all staffs easy to participate learning activity and willing to change their personal tacit knowledge into the explicit knowledge for the company. However, Company A only has establishment of document management, which cannot integrate with the core operation system (including the project document; customer knowledge; project management; and the learning gain) and employee is not easy to practice KM in the company.

Thirdly, for the performance appraisal aspect, because Company A does not definitely draw up a knowledge map, it cannot know the priority and value of knowledge needs. Moreover, its KM performance evaluation index cannot show its operating performance result correctly, it including the rate of professional document publications and the rate of professional community forum publications, etc. Therefore, Company A was not able to evaluate the KM value complete. Employees and shareholders didn’t want to continue their investments.

Fourthly, information technology is the most important department of KM practice, Company A has set of KM information system. From the evaluation item of KMAT information technology, the result shows that the system can fit the planning of KM process. Besides, it shall be enhanced for the employees’ personal learning factors, making the employees more willing to use the system.

Fifthly, Culture of enterprise is a very important part of KM practice in the company; however, Company A did not pay attention on this part. Due to the employee have not motivation share they practice KM experience in the company. Finally, it will be influence employee willing that learning how to practice KM in the company and also lost the KM’s purpose that the creation of customer values.

After analyze KM performance in Company A, this research find some reasons to explain why practice KM is fail in Company A. If Company A can follow the KM life cycle of the organization to effectively control the project risk, and improve their strategy objective of KM to execution completely, it will be estimated effect enhance the five dimensions average point from 1.77 to 3.2 in Company A.
CONCLUSION

There are some reasons will practice the KM successful in Taiwan’s Enterprise. Firstly, the leader’s commitments, Oliver and Kandadi (2006) addressed that the leader have positive leadership traits will influence the development of KM culture in the company. It is including the leader share the power with subordinates, the department resources distribution to employee, the leader trust employee, the leader accept employee making mistakes and the offer of long-term objectives and visions to employees. According to KM report of APQC in 2002, the leader played a key role in most of corporate and organizational activities with influences upon the KM. Moreover, the middle class manager will practice KM by themselves that also can help the company have more competitive.

Second, the company should have the correct strategy of KM. The company should set a KM project team to plan the correct strategy of KM and make sure employee can practice KM in their department. The strategy of KM should follow the cause-effect relationship between the KM benefit and the vision of company and it will be appropriated distribute the resource and change the operation process. Besides, the KM project team also needs cooperation with the department of human resource, because the reward and learning system will influence the employee practice KM in the company.

Thirdly, KM is not only a project team but also a long-term system in the company. How to make sure the company practice KM can be accepted by the global standard organization. There are five steps can help company ensure the practice KM standard, including the performance evaluation of current KM situations by KMAT, the deduction of KM performance objectives by KMAT, the difference analysis of five dimensions by KMAT, the modification of KM strategies and the executive of KM strategies.

Finally, this study figure out three reasons maybe can make the practice KM successful in Taiwan’ enterprise, however, there are many companies still not practice KM in Taiwan. Therefore, this study offers contribution the direction for those enterprises in Taiwan.

REFERENCES


