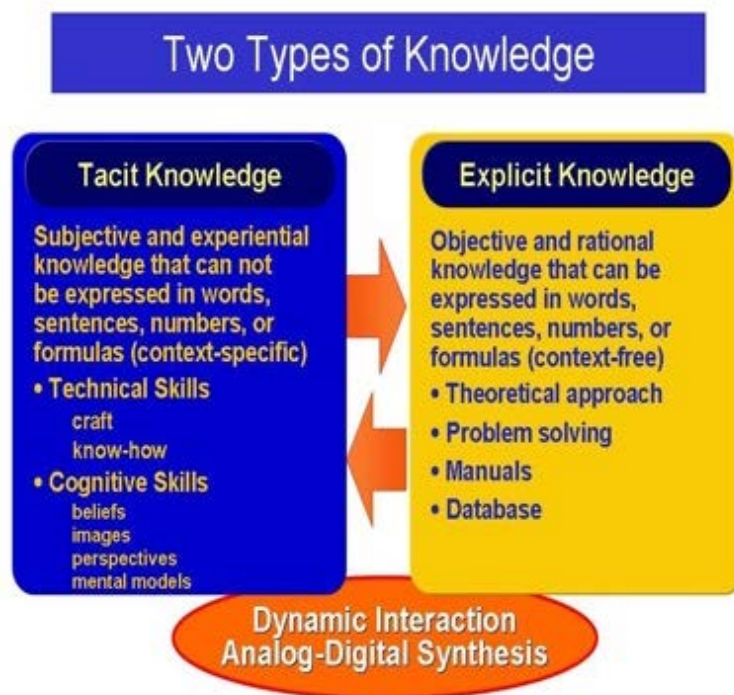


P-Glossary

Knowledge Management

Knowledge management (KM) refers to a range of practices used by organizations to identify, create, capture, and distribute knowledge for reuse, awareness, and learning across the organization. KM programs are usually linked to organizational objectives and are intended to lead to the achievement of specific outcomes, such as shared intelligence, improved performance, competitive advantage, or higher levels of innovation. The objective of KM is to make the best use of the knowledge assets available to an organization, turning them into a powerful driver for competitiveness. The rise of KM coincides with the emergence of the so-called knowledge-based economy. In the new economic era, traditional production factors such as land and capital are being replaced by the intangible asset of knowledge as the critical input for corporate competitiveness.

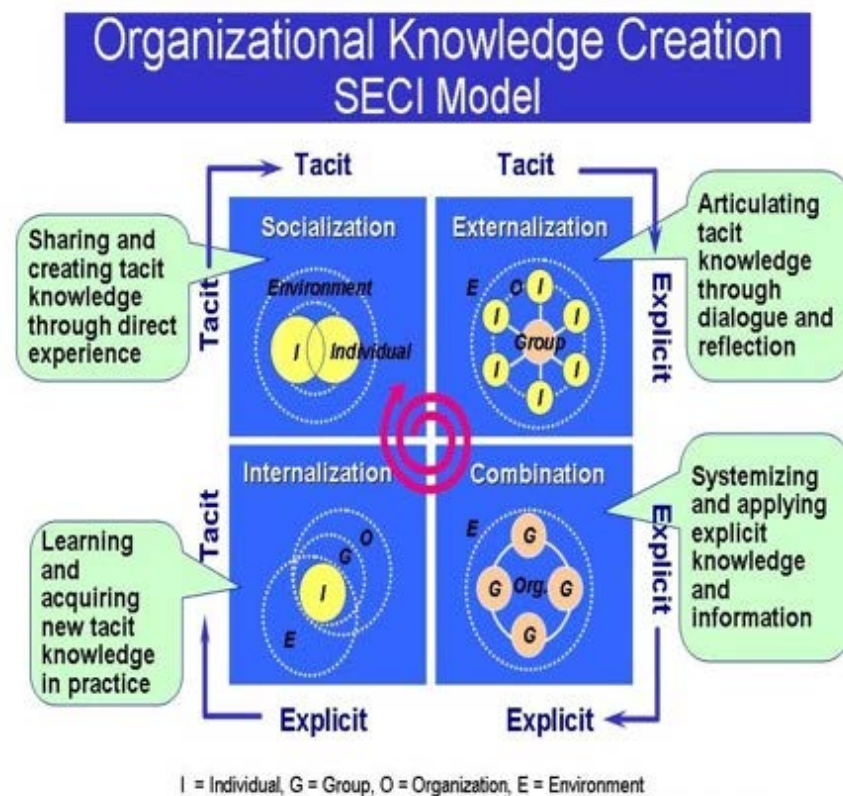
There are many schools of thought in the area of knowledge management. One of the most popular theories is proposed by Prof. Ikujiro Nonaka. As knowledge is intangible and essentially resides within individuals (as tacit knowledge), the challenge in KM is how to capture and harness individual-based knowledge to make it explicit and common knowledge for use across the entire organization. Prof. Nonaka argues that a successful KM program needs to convert internalized tacit knowledge into explicit (codified) knowledge to share it and make new knowledge and value for the organization.



An organization creates knowledge through the interactions between explicit knowledge and tacit knowledge. This interaction between the two types of knowledge is called "knowledge conversion.", through which both tacit and explicit knowledge expands in

both quality and quantity. The four modes of knowledge conversion are: (1) socialization (from tacit knowledge to tacit knowledge); (2) externalization (from tacit knowledge to explicit knowledge); (3) combination (from explicit knowledge to explicit knowledge); and (4) internalization (from explicit knowledge to tacit knowledge). Prof. Nonaka states that Socialization is the process of converting new tacit knowledge through shared experiences, e.g. through spending time together, through apprenticeship, in informal social meetings outside the workplace, or beyond organizational boundaries, as often firms often acquire and take advantage of the tacit knowledge embedded in customers or suppliers by interacting with them.

Externalization is the process of articulating tacit knowledge as explicit knowledge, thus allowing it to be shared by others, and it becomes the basis of new knowledge. Combination is the process of converting explicit knowledge into more complex and systematic set of explicit knowledge so as to create new knowledge. Through Internalization, explicit knowledge created is shared throughout an organization and converted into tacit knowledge by individuals. Internalization is closely related to "learning by doing." Knowledge creation is a continuous process of dynamic interactions between tacit and explicit knowledge. Organizational knowledge creation is a never-ending process that upgrades itself continuously.



The Most Admired Knowledge Enterprises (MAKE) Award criteria examines eight key knowledge performance dimensions that are visible drivers of world-class knowledge organizations. These are:

- ▶ creating an enterprise knowledge-driven culture;
- ▶ developing knowledge workers through senior management leadership;
- ▶ delivering knowledge-based products/services/solutions;
- ▶ maximizing enterprise intellectual capital;
- ▶ creating an environment for collaborative knowledge sharing;
- ▶ creating a learning organization;

- ▶ delivering value based on customer knowledge; and
 - ▶ transforming enterprise knowledge into shareholder value.
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