KNOWLEDGE MANAGEMENT

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HRM

KNOWLEDGE MANAGEMENT

- The Indian Banking and Financial Sector has been passing through a phase of transformation in which **the Information Technology has since emerged as the key driver of change.**
- In nutshell, the banking is steadily shifting from <mark>'labour-intense enterprise' to "knowledge-driven economy'</mark> and as such in the futuristic outlook, the effectiveness and **success of the banks largely depends on the level of intellectual capital** which they could build up and nurture. This necessitates the banks, **not only to acquire young talents potent with new and up-to-date knowledge and skills** in abundance, **but also to retain such talents by employing** attractive HR interventions.
- In other words, the banks need to handle a new area of management, i.e., Knowledge Management as the 'Management' as the Knowledge' is the key to manage all other areas of management. The quality of performance in other areas of management depends greatly upon how effectively the banks manage their key knowledge assets. It is in this context, "Knowledge Management has since assumed a great deal of importance, in banks.

CONCEPT OF KNOWLEDGE MANAGEMENT (KM)

- **Knowledge Management is the process by which an enterprise gathers, organizes, shares and analyses its knowledge in a way that is easily accessible to employees.**
- **Knowledge Management deals with the creation, distribution, and sharing of knowledge within the organization**.

- Knowledge Management is the process of **capturing, storing, sharing, and effectively managing the knowledge and experience of employees to increase the workforce's overall knowledge.**

- Its primary goal is to **improve efficiency, productivity and retain critical informatio**n within the company. By harnessing your most valuable asset, employee expertise and knowledge, you can maximize efficiency and **empower employees to improve their decision-making ability.**

- The banks need to handle a new area of management, i.e. 'Knowledge Management' as the 'Management' as the 'Knowledge' is the **key to manage all other areas, of management**. **The quality of performance in other areas of management depends greatly upon how effectively the banks manage their key knowledge assets.**

Types of Knowledge Management

- Basically, knowledge is of three types. They are **Explicit, Implicit And Tacit Knowledge.**

- The term **Explicit Knowledge** can be defined as that component of knowledge which can be codified and transmitted in a methodical and prescribed language. For example, documents, databases, Webs, E-mails, charts, etc.

- **Implicit Knowledge** is knowledge that explains how best to implement explicit knowledge. For example, knowing how to walk, run etc.

- **Tacit Knowledge** is knowledge gained through experience. Therefore, it is more intuitive and less easy to share with others. It can be include personal wisdom, experience, insight and intuition.

It is estimated that tacit knowledge constitutes about **70% of all organisations knowledge base** and is **difficult to identify and convert into real value** unless a structured approach is adopted
to manage knowledge through **KM techniques involving intensive dialogues, discussions and sharing in teams.**

The key drivers for KM initiative are:

- Rapid advances in the field of Information and Communication Technology (ICT) which has revolutionised the way in which businesses are being carried out.
- Extremely high business competition arising because of the globalisation of economies worldwide this is particularly relevant in emerging economies like India.
- Increased complexity of business and complexity of management.
- Faster pace of innovation because of growing industry competition.
- Increased mobility of workforce Growing recognition across all industries regarding the need and significance of ongoing and lifelong learning, etc.

SIGNIFICANT FEATURES OF KNOWLEDGE MANAGEMENT

5 most important reasons to believe that knowledge management is needed within an organization:

1.Speed up access to information and knowledge
knowledge management makes it easier to find the information or the people who hold the information you need. It increases efficiency and productivity and allows you to work better, reducing the tendency to "reinvent the wheel."

2.Improve decision-making processes

Employees can improve the quality and speed of decision-making by accessing the knowledge of the entire organization when they need it. When making decisions, enterprise collaboration tools facilitate the access to opinions and experiences of different people, which may contribute additional perspectives to the choices made.

3.Promote innovation and cultural change

Enable and encourage the sharing of ideas, collaboration, and access to the latest information. Knowledge management enables individuals to stimulate innovation and the cultural changes needed to evolve the organization and meet changing business needs.

4.Improve the efficiency of an organization's operating units and business processes

With faster access to information and resources across the organization, knowledge workers can act quickly. The use of social collaboration technologies has improved business processes and the organization's performance in general.

5.Increase customer satisfaction

The sharing of knowledge and cross-collaboration help to increase the value offered to customers. The organization is able to give faster answers or shorten the time it takes to improve a product or service.

KM Model for Banks

Banks can follow the **DIKAR model**, which is recommended strongly for the software industry. This model is different from the usual approach in the sense it starts from the end i.e., from the results, which is a

reverse process, In the DIKAR model, since results are kept at the very top and one works backwards, and there is greater possibility of achieving the desired results. In that sense DIKAR is turned upside down approached as RAKID where:

R = Ensuring Worthwhile Results.
A = Taking effective action such that the effects of which generate data.
K= Procuring the knowledge which is the basis for the above.
I= Having the necessary information which is reflected to produce.
D= Accordingly data is collected, stored, and processed to create the above information.

APPLICATION OF KNOWLEDGE MANAGEMENT IN BANKS

- Knowledge management helps the bank management to **constantly update its customers' data and information**. It plays an important role in the preparing periodic reports on the state of the market. The implementation of KM helps the bank's management **focus on organizational resources during competition with other banks.**

- It is important to be well informed when dealing with customers who may be equally knowledgeable.

- **Peter Ducker had renamed employees as knowledge workers and stressed on Knowledge Management** because Knowledge management prevents the organizations' collective knowledge from

perishing while the individual employee's knowledge will help the organization achieve optimum organizational efficiency.

- The essence of business is to **convert its knowledge into goods and services required by the customer.**

- The success of such meaningful application of knowledge in the organization **largely depends on the concerned employee's attitude** and also **the organization's rules and policies**.

- While the change in attitude of the individual employee towards proper application of his knowledge in the work arena can be best **achieved through providing motivation and incentives.**

- the organization should ensure that the **employees are placed in the jobs commensurate with their knowledge and experience.**

Knowledge management in HRM

- HR knowledge management is the practice of centralizing all HR documents, policies, information, and knowledge and making that vital information easy for anyone in the company to access and update from anywhere.

- A recent study on Workplace Knowledge and Productivity found that 60% of employees spend five hours or more per week waiting for information. With **HR being a major source of vital information for employees across an organization, HR knowledge management is an easy way to reduce that bottleneck.**

- In today's business world, human resource management is often about finding the right answer to important questions, and quickly.

- HR knowledge management solutions are a simple, effective, streamlined answer to that growing challenge.

KM IN INFORMATION TECHNOLOGY AND DATA BASE MANAGEMENT

- Technology plays an essential role in the field of knowledge management. Technology is the tool that **enables knowledge management to complete its different processes and provide its services to the target audience.**

- Effective use of information technology to communicate knowledge requires an organization to share an interpretive context. The more that communicators share similar knowledge, background, and experience, the more effectively knowledge can be **communicated via electronically mediated channels.**

- In banks, the Data Management is done through application modules driven by information technology. **A Database Management System (DBMS) is a computer software application that interacts with the user, other applications, and the database itself to capture and analyze data.**

- A general-purpose DBMS is designed to allow the **definition, creation, querying, update, and administration of databases.**

- New technologies are also making knowledge less dependent on the direct contribution by employees as the only means of acquiring new knowledge such as:

- Data mining allows for gaining new knowledge by analysing past performances.

- Electronic access to external sources of information, provide rich resource to create new knowledge.

- Video conferencing, application sharing, and electronic meetings are useful knowledge sharing enablers.

- Some of the commonly used KM tools and technologies as a part of their Database Management systems are as under:

Online Discussion Forums: Discussion groups enable the exchange of ideas and information, helping a geographically separated team function as efficiently as if the team members shared the same office. It provides an efficient way to get specific answers and keeping every one informed on the relevant issues.

Online Conferencing and Collaborations: Online meetings and collaborations make it easier to communicate and collaborate with people in an organization's network. With the chat feature, one can talk with multiple people. Using the whiteboard, one can explain concepts by diagramming information, using a sketch, or displaying graphics.

Instant Messaging: Instant messaging system helps every day, more people to collaborate with co-workers, immediately sharing business information across widespread geographical locations and time zones. It has the advantage of connecting people in real time across the time zones.

Communities Of Practice: KM technologies provide a convenient and effective way to form "Communities of Practice' (COP), around areas of common interest or projects. Communities are subgroups of people who have a shared specialization, interest, or project. Users can ask and answer questions, as well as passively read about the practice area. Discussion forums help in **sharing information among community members.**

Document And Content Management: Document management is a systematic method for storing, locating, and keeping track of information that is valuable to a business. A structured document management system can increase productivity by workers reusing existing documents and expertise already generated.

Web Intelligence: It brings together some key information pieces vital for an organization's survival by focusing on the organization's information, public relations, and market intelligence needs. It also helps integrate the organization with its customers, to offer a seamless, time-independent blend of services.

Personalised Portal Interface: A personalised, portal interface becomes a great motivator to receive and share information. **Different users are able to have different home pages based on their roles**. One **single screen on the computer enables the user to find relevant information** in minimum possible time.

Role of Contemporary Information Technology Tools in Knowledge Management

- Information and Communication Technologies (ICT3) are technologies which **facilitate the management to share knowledge and information.** Thus, ICTs have a prominent role on Knowledge Management initiatives.

- In the current business environment, the implementation of **Knowledge Management projects has become easier with the help of technological tools**. The value of Knowledge Management is more when made available to the right people at the right time. Thus, **knowledge sharing is facilitated through information and communication technologies including computers, telephones, e-mail, databases, data-mining systems, search engines, video-conferencing equipment and many more.**

- Computer applications has addressed various aspects of knowledge management for years but there is no single technology that fills the criteria for KMS, because KM is not solely about technology it also **includes aspects of organizational learning, information science, training, change management, business process analysis, motivation, and interpersonal communication.**

The following contemporary technologies contribute in organisation's knowledge management environment:

Intranets: Intranets have widespread across organisations for sharing dynamic information. Intranet can be divided into two components namely, the technology infrastructure and web server.

The web server and web browser have enabled greater access to information for groups of knowledge workers and application developers.

Dashboards: In information technology, a dashboard is a user interface that, somewhat resembling an automobile's dashboard, organizes and presents information in a way that is easy to read.
However, a computer dashboard is more likely to be interactive than an automobile dashboard (unless it is also computer-based).
To some extent, most graphical user interfaces resemble a dashboard.

Another definition of a Dashboard states **- A dashboard is a visual display of the most important information needed to achieve one or more objectives; consolidated and arranged on a single screen so the information can be monitored at a glance.**

Some of the key characteristics of a dashboard are:

- All the visualizations fit on a single computer screen- scrolling to see more violates the definition of a dashboard.

- It shows the most important performance indicators/performance measures to be monitored.

- Interactivity such as filtering and drill-down can be used in a dashboard; however, those types of actions should not be required to see which performance indicators are under performing.

- It is not designed exclusively for executives but rather should be used by the general workforce as effective dashboards are easy to understand and use.

Definition of Database Management in Banks

- In simpler terms, 'Database Management' is "a collection of related data organized for efficient retrieval and manipulation". The names of customers in the database could be **obtained from internal and external sources**. They may also have been created to meet specific requirements of the bank. Most organisations now make or try to **make optimal utilisation of the database in its marketing activities and in the up gradation of the quality of its services. Such kind of marketing is termed as the Database Marketing.**

- Database marketing can be defined as "A Direct marketing technique emanating from the use of data collection on actual and prospective customers".

- Since banking in its core, a service industry, most transactions are dependent on the type of relationships that the banks share with those who trust them. In other words, relationship marketing can be termed as the pillars of bank stability.

- Database Management and database marketing adds to the strength of this pillar by helping in knowing a clear picture of the customer profile to understand who requires what and the specific type of service and meet such expectations as closely as possible

Data Mining

- 'Data Mining' is the process of analysing data from different perspectives and summarizing it into useful information – information that can be used to increase revenue, cuts costs, or both.

- Data mining software is one of several analytical tools for analysing data.

- It allows users to **analyze data from many different dimensions or angles, categorize it, and summarize the relationships identified.** Technically, data mining is the process of finding correlations or patterns among dozens of fields in large relational databases.
- Knowledge generation can be done through formative experiences, analysis, and research of the data.
- Towards a systematic approach to the knowledge generation, the **banks need to introduce the Data Warehousing and Data mining by leveraging the Information Technology** for its competitive advantage so that such **pooled data can be used as a source of knowledge and intelligence to the workforce**.
- As most of the knowledge is **generated through constant learning, research and its application in the work arena**, banks have to encourage its employees to take up research in the core business areas and also to depute them to outside training institutions which provide them an effective platform for cross-fertilization of new ideas.

PEOPLE DIMENSIONS OF KNOWLEDGE MANAGEMENT

- Technology usually dominates the KM initiatives because it is the most visible and tangible of the three components of KM - people, process, and technology. However, if people and processes are not set in place there is no guarantee that people will use technology to promote KM in the organisation. Most organizations need a change of culture without which no KM initiative will take off.

- Knowledge Management (KM) programs are bound to fail if not supported by leaders through their active participation. Organizing knowledge fairs and knowledge workshops bring people together so that they can share experiences. **Face to face contact is an**

important pre-requisite to effective computer-based knowledge networking under KM initiatives.

- To build and sustain a KM system a cultural change in propensity to share knowledge is fundamental, which is most difficult part of knowledge management. An organisation should be able to induce the behavioural change among people who are the contributors and users of knowledge. **It requires strong leadership to bring in cultural change, set the right direction, and continuously monitor the progress.**

KNOWLEDGE MANAGEMENT APPLICATIONS IN BANKS FUTURE CURRENT

- Banks can gain strategic competence through creating and managing organisational knowledge available to it. Maximum amount of an **organisation's knowledge is its people; this could be as high as 90% in certain cases, of the total organisational knowledge**.

- When the **knowledge in people is shared it becomes helpful for the organisation** as a whole and **can be recorded and made use of for a long time in the future.**

- In the present scenario especially in the public sector banks, and old private sector banks, there is no provision to consider knowledge contributions of the employees as part the performance appraisal system and also to offer rewards or incentives to such contributions. For solving such cultural and behavioural issues banks can adopt certain measures like changing their HM policies to incorporate rewards/ incentives to

staff for sharing of their knowledge and also consider such contributions during the performance appraisal process.

ONE LINERS

- **Which of the following best describes the set of processes of developed in an organization to create, gather, store, transfer and apply knowledge_____.**
  Knowledge Management

- **Knowledge which is difficult to define and codify and It tends to exist within processes, and it can be referred to as "know-how" knowledge is called_____.**
  Tacit Knowledge

- **_____, who is famous management author and consultant had renamed employees as knowledge workers and stressed on Knowledge Management.**
  Peter Drucker

- **_____ is the process of analysing data from different perspectives and summarizing it into useful information.**
  Data Mining

- **A Database Management System is a type of _____software.**
  System

State Whether The Following Statements Are True/False

- **Knowledge Management is not applicable to traditional Indian banks.**
  False

- **Private Banks understand customer preference using technology.**
  True