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# Organisational Culture and Knowledge Management

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## Abstract

*A major facilitator of Knowledge Management according to the literature is an appropriate organisational culture or climate, especially one that fosters the sharing of knowledge on a widespread scale. It may be perceived by organisations that a radical reshaping of their organisational culture is required to effectively manage knowledge.*

*The issue of appropriate organisational cultures for effective knowledge management is the main theme of this paper. We use a study of large university to examine the influences of the organisational culture on proposed knowledge management initiatives. The university in the study is operating in a climate of rationalisation, corporatisation and marketisation; these characteristics having a profound influence on the organisational culture. The staff felt that the competitive environment, the lack of trust and the formality of many business practices would work against “unselfish” knowledge sharing. We argue that it is unlikely that most corporate cultures will transform to better accommodate knowledge management practices but rather that various techniques will be employed to improve knowledge management practices without altering the underlying organisational culture.*

**Keywords:** Knowledge management, culture

## 1. Introduction

The main aim of this paper is to examine the perceived influence of organisational culture (climate) and management strategies on the potential of knowledge management (KM) initiatives. In doing this, the facilitators and barriers to knowledge management are examined in a large University embarking on KM initiatives. It is anticipated that the study will provide information and suggestions for organisations intending implementing knowledge management initiatives and explain the significance of organisational culture and climate on such initiatives.

The first section of the paper examines knowledge management practices and the nature of organisational culture. A case study of a large university is used to explore the interplay of organisational climate on KM. The findings are analysed and then discussed.

## 2. Knowledge Management and Organisational Climate

Knowledge management has been proposed for a number of years as a method for organisations to improve productivity and sustain a competitive advantage in increasingly knowledge based economies (Drucker, 1993; Tapscott, 1996; Harris, Fleming, Hunter, Rosser and Cushman, 1999). Despite the interest in knowledge management there is still some ambiguity in relation to the term, particularly in commercial circles where it is sometimes used interchangeably with information management. However, knowledge management can be viewed as the process of creating, storing, managing, accessing and

sharing tacit knowledge (in a person's head) and explicit knowledge (documented in books, intranets, etc.). It relates to the corporate memory of an organisation and its intellectual capital (Petty and Guthrie, 1999).

There have been many attempts to devise a classification of knowledge which has practical implications (Collins, 1993). Effective knowledge management requires a classification system that has distinctive classes, not so many as to be cognitively unwieldy nor so few as to be too coarse grained. Lundvall and Johnson (1994) (discussed in Johnston, 1998) identify the following simple categories of economically relevant knowledge:

- Know-why - explanatory knowledge, scientific knowledge of principles (laws of nature)
- Know-how - skills, the ability to organise resources to achieve desired outcomes
- Know-who - social knowledge, refers to specific social relations - e.g. who controls the resources needed in a particular situation.
- Know-when/Know-where - economically useful knowledge about markets
- Know-what - catalogue knowledge

A wide range of companies are effectively developing knowledge management programmes (Zack, 1998). These are applied to cost reduction, process improvement, improving productivity, time to market, and innovation. The types of applications include: FAQs, reuse, best practices, problem solving, decision support, resource management, and asset management (Harris et al, 1999).

Researchers and practitioners have recognised the influence of organisational culture and climate on the success of KM initiatives. Organisational culture can be defined as the shared values and norms that exist in an organisation which involve common beliefs and feelings, regularities of behaviour, and a historical process for transmitting values and norms (Vecchio et al, 1997).

Organisational climate can be considered as a sub-set of organisational culture (Vecchio et al, 1997). However it stems more from the discipline of social psychology than anthropology. A key difference between climate and culture is that latter often relates to assumptions, values and norms which may never be articulated, whereas climate deals with articulated perceptions related to such things as events, policies and practices. Knowledge management practices have to work within the organisational culture and the prevailing organisational climate.

Previous studies have stressed the importance for KM of a conducive organisational culture; one that recognises the importance of KM and facilitates the sharing of knowledge (Moody and Shanks, 1999). Indeed, cultural changes have been seen as a critical success factor in KM programmes, accounting for up to seventy percent of implementation effort and failure to change accounting for half of project failures (Harris, et al, 1999).

Some suggest that radical changes are required in most organisational cultures to facilitate extensive knowledge sharing. This type of extreme vision of knowledge management can be characterised by an environment where people at all levels of the organisation unselfishly contribute their knowledge to the collective good (Israelsohn, 1999). To achieve this level of sharing would most probably require a substantial cultural shift for many organisations in addition to changes in mindsets for many individuals.

### **3. Case Study**

In order to investigate the influence of organisational culture and climate on KM a study of a large Australian University (ECU) has been undertaken. In particular, the study investigated the perceived facilitators and barriers to KM and the changes required in organisational culture and climate to further improve KM.

The University in the study provides a useful case for analysing the interplay between corporate culture and climate and the potential of KM programmes. The University in question is facing increasing pressure to generate a greater part of its income from commercial activities (the target set is sixty-five percent of funding to be derived from non-government sources). Research and consultancy services are the primary means of achieving this and since Australian law clearly defines the nature of allowable business competition from government bodies the University competes on equal terms with corporate entities. Hence, the argument that the findings of this study will not be of significance to the business sector is invalid as the University has gone through many corporatisation phases and many of its activities are profit driven.

#### **3.1 Methodology**

The study involved gathering information from a variety of sources which included:

1) Documents - strategic plans, job descriptions, e-mail communications.

2) Interviews -

People from every aspect of the organisation were identified to take part in the study, including senior managers, academics, administrative staff and IT support staff. Forty interviews were conducted over a six week period. The average age of those interviewed was 46, the average length of service in the organisation was seven years and sixty percent of those interviewed were male. The interviews lasted on average forty-five minutes and were carried out on the organisations' premises during work hours. Notes were taken during the interviews and word processed immediately after the interview had been completed. A series of open-ended questions were asked that covered the key areas of:

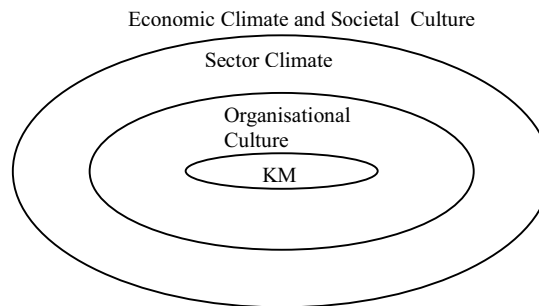
- Knowledge management practices;
- The major obstacles/barriers to knowledge management practices;
- The tools used to manage knowledge;
- The knowledge management strategy;
- The process and procedures used in the development process;
- Organisational structure;
- Human resource issues;
- Perception of satisfaction with knowledge management approaches.

3) Informal communications.

4) Observation.

The interpretation of the findings uses a dialectical hermeneutics approach. Hermeneutics is primarily concerned with the meaning of a text or text analogue (Myers, 1995). The data, which are interview transcripts, are analysed in terms of themes, motifs, and key words in the same way, as a literary text is (Bronsema and Keen, 1983). One of the main differences between pure and dialectical hermeneutics is that, in the latter, the researcher does not just accept the opinions of the participants, but tries to evaluate the totality of understandings in a given situation. The role and understanding of the participants are interpreted historically,

and in terms of social and political structures and includes the contribution of the researcher in the analysis process (figure1).



**Figure 1. Hermeneutic Analysis**

## **4. Case Study Description**

### ***4.1 Culture and climate***

Since the early eighties Australian universities have been going through a process of restructuring and reculturing. The transformation has been achieved through three forms of governmentality (Kenway and Langmead, 1998). These are:

#### 1) Rationalisation

As a result of reductions in government funding universities have had to look for ways of cutting costs, such as increasing casual staff numbers, outsourcing and increasing work-loads. Universities are also being encouraged to look for alternative sources of funding.

#### 2) Corporatisation

This involves the application of business management principles to university management. Responsibility is pushed down the line whilst accountability is to senior management and clients (in this case students). Individual academic performance is assessed.

#### 3) Marketisation

Marketisation includes privatisation, commercialisation and commodification. Knowledge is seen as a product and universities work to develop commercially viable programmes both on and off-shore.

These forms of governmentality are evident at ECU, which is hardly surprising since these forces stem from national university policy where universities are benchmarked against each other with regard to 'productivity' and income. In this respect, we view ECU to exhibit all the features mentioned above in relation to corporatisation, rationalisation and marketisation.

### ***4.2 Knowledge management strategy***

Knowledge management is being promoted at various levels within the organisation. The strategic plan for the University mentions the importance of managing corporate knowledge and the relevance of appropriate tools for this task. The administrative functions within the University have made some attempts at knowledge management and sharing. The actual practices adopted did not arise from any published conceptual framework. As with many organisations, knowledge management has been regarded as an extension of information

management. An executive position of Knowledge Management Officer has been created to oversee KM related activities.

Faculties have started to manage various forms of knowledge in relation to research and teaching practices. At the School level, the practices are basically the same, with e-mail and groupware are widely used to disseminate knowledge.

### ***4.3 Use of tools and types of knowledge managed***

The University has a decentralised system of Web site management and administration. Various faculties, schools and the administrative divisions of the University create, revise and update their Web pages and upload them into the different servers. The organic unity of the site is overseen by the Webmaster (not part of the IT division) in consultation with senior officials of the University, although this is done via a loosely coordinated approach. In reality they have little involvement with the distributed Web site activities.

The University Intranet is used for many purposes. From a high-level management perspective it acts as “brochure-ware” advertising current initiatives and processes. This is environmentally enculturated since the URLs appear on the University/Faculty homepages which are the start point for most browser users. While e-mail is used to disseminate communications from high-level management, reciprocity is unusual. Communications from lower level staff to senior management are usually directed to filtered, restricted and slower channels.

At the middle level of management i.e. faculty and school levels, most of Intranet usage is pure “brochure-ware”. There is dissemination of information by e-mail but the majority of this relates to event scheduling and reminders to attend meetings, meet deadlines etc.

For individual academic staff members the Intranet provides personal knowledge management tools. Access to personal web pages allows automation of trivial knowledge activities and the dynamic nature of the medium allows less structured but still low level knowledge to be handled with reasonable effectiveness. While these activities require some technical literacy, there is a process of diffusion that is driving more academics to adopt these approaches. The high degree of personal freedom and expression that is seen at this level is in stark contrast to the restrictive practices that relate individuals to the University’s bureaucracy. This tends to reinforce the sense of division between senior management and staff. There is a healthy exchange of e-mail between staff members, the majority is work related but the individual pattern of use seems to be restricted to several other individuals for the purposes of co-operating on work related research and projects. Many staff use e-mail for the same purposes but in relation to individuals in external companies and universities.

Our conclusion is that there is great polarisation in the use of the Internet related infrastructure. Senior and high level management treat it as broadcast medium, the major productivity gains are to be found at an individual level (though this is patchy since it requires a certain skills level for participation). An academic employee stated:

*“Yes the Intranet is great for sharing knowledge with students, but it is used between staff just for information exchange mostly rather than real knowledge sharing. For one thing, there needs to be more thought put into it - it won't just happen because we have access and authority to our own Web space. The technical infrastructure is there to some extent but this is not enough.”*

#### **4.4 Values of staff**

Sixty percent of staff said that the prime motivation for working at the University was job satisfaction with the remainder saying money was the prime motivator. When asked to identify a metaphor (a list of suggestions were given with an option to add their own) the most commonly chosen was “journey”. These results suggest that personal development and satisfaction derived from the job itself are very important. However, a significant percent are rewards (financially) motivated and perceive their work as being conducted in a competitive environment with a small number describing it as a battle.

#### **4.5 Perceived importance of KM**

Nearly all staff rated KM to be an important issue for universities in general and at ECU. However, staff felt that Knowledge was not being effectively managed in universities including ECU. In fact the majority perceived that KM as an activity was only performed informally within the organisation.

#### **4.6 KM barriers and facilitators**

When asked for the main barriers to improving KM in the University a constant theme that came through was the level of competition amongst individuals which worked against the sharing of knowledge. As one academic stated:

*“It is a very competitive situation as we are evaluated individually and recognised and promoted individually. I have even seen a league table of researchers in our School and I have had comments about my position! Sharing knowledge is seen as giving away power and status.”*

Some felt the incentives and rewards did not exist to encourage knowledge management programmes. As performance was appraised on an individual basis some academics felt this was not conducive to knowledge sharing as others may gain a competitive edge since knowledge was seen as a political basis of power and identity.

*“Look, why would I share Knowledge that has some value to me? It is my competitive edge, it puts distance between me and the others. If I share my latest knowledge others may take advantage of that. Will they do the same for me?”*

Several people saw the increasing demands of the work-loads as a barrier to KM since time was not available to actively share and document their knowledge.

*“With the increased work-loads over the years there just isn’t the time and space to network informally and develop the trust to share knowledge and ideas.”*

Another academic said:

*“Rivalry and time are the main barriers.”*

Others, particularly in the university's administration, were too much in fear of someone else taking their position to share their knowledge.

*“People are afraid to share their knowledge and experiences as they feel their positions might be taken away from them by their opponents.”*

Those interviewed on a junior secretarial support level (2) thought that there were “no problems” in relation to managing knowledge. Only one person saw the main barrier to KM as the inadequacy of the technology infrastructure.

#### **4.7 Trust and culture**

Staff members were asked about the role of trust in KM. All except two people considered trust to be an important issue for KM initiatives. Most thought that was a lack of trust in the organisation, both between management and employees and between employees themselves and that this worked against KM.

*“Trust is vital. People can't share their knowledge with others if there is no trust. People are scared to share because they do not trust others.”*

Interestingly, two people considered that there was no place for trust in the new corporate world.

*“It is just too competitive, where is the trust? Perhaps there is no place for it!”*

A number of suggestions were put forward to improve knowledge management within the university. These are listed below.

Informal meetings and get togethers;

Network organisational structure;

Time to exchange ideas;

Rewards and incentives;

Team based approaches;

Improved communication;

Improved technology;

Leading by example;

Team grants and roles;

Recognition for sharing knowledge.

### **5. Analysis of the Case**

The organisation in the study, a large University, had a particular culture and climate characterised by the three forms of governmentality of rationalisation, corporatisation and marketisation. The main themes that emerged from examining the influence of governmentality on the potential of KM programmes are now analysed using the three forms of governmentality as a framework. Hermeneutic analysis takes into account the organisational culture and climate as well as setting the findings in a social and historical context within the wider society.

#### **5.1 Corporatisation**

The application of business management principles to university management has led to the introduction of performance appraisal for each academic. This has had a significant influence on academic relationships since the appraisals have mainly be aimed at the individual by



measuring research output and teaching performance through student evaluations. As a result many staff see themselves as autonomous workers and their colleagues as competitors which is perceived as working against knowledge management programmes.

Academic staff felt that greater trust and less competition would improve KM practices which appear to suggest they desire a return to a pre-corporate university with an emphasis on collegiality and trust. Increased work-loads according to some did not allow the time and space to informally share knowledge with colleagues.

### **5.2 Rationalisation**

Aspects of rationalisation such as reducing numbers of administrative staff has led to the fear of being made redundant if specialised knowledge is shared. Due to the increased competition for jobs and the increase in the number of casual and short term contract positions administrative staff are clearly concerned about having their contracts renewed. Specialist knowledge in this environment provides some security for employees and sharing it is often perceived as against their best interests.

### **5.3 Marketisation**

The commercialisation and commodification of knowledge has been a driving force in Australian universities in the nineties. Staff see their knowledge as a commodity for bargaining purposes. Hence, at least half of those interviewed saw rewards and incentives as an important aspect of the transition to corporate knowledge management programmes. Indeed, KM as promoted by accountancy firms and consultancy firms was seen as a very important stage in organisational development perhaps substantiating the view of knowledge as a commodity.

## **6. Discussion**

The issue that this paper is analysing is the relevance of organisational culture on the potential and effectiveness of knowledge management initiatives. The literature assumes a conducive organisational culture is necessary for effective knowledge management (Davenport, De Long, and Beers, 1998; Harris *et al*, 1999). However, expectations from KM programmes and the levels of knowledge creation, sharing, and management will probably vary considerably from organisation to organisation. It could be assumed, therefore that a variety of techniques could be usefully employed to improve knowledge management practices that do not require a cultural shift as they can work adequately within the prevailing culture and climate. At far greater levels of sharing and management it would appear that an organisational culture shift would be needed to foster an environment where knowledge is unselfishly contributed to the collective good.

As discussed earlier, the organisational climate is interrelated with the organisational culture. Both climate and culture usually take years to evolve and change slowly in most cases. In the case of the University in the study it is operating within a particular climate within the sector of corporatisation, rationalisation and marketisation. These are powerful forces which have taken years to embed. They have had a profound influence on the organisation with rationalisation of jobs, increased work loads and commercialisation of courses and knowledge. This type of environment is not restricted to the Australian University sector but is one that is widespread across Western organisations and does not appear to be abating

(Limerick, Cunnington and Crowther, 1998). The interviews with staff suggested that many of the features that stem from this climate such as competition, increased individual assessment, less job security, less loyalty and trust work against knowledge management. This view was held by both the academic and administrative staff.

In addition, some argue that an individual's actions within an organisation are based upon securing that individual's identity and position (Knights, 1995). Is the "ideal" knowledge sharing environment where people unselfishly share knowledge for the collective good just a pipe dream for many organisations?

### ***6.1 Organisational culture clash?***

The situations on an organisational and individual level described above appear to suggest a clash between the organisational culture and the conditions required for extensive knowledge management. The perceived clash is as a result of a situation where the culture and climate creates increased competition between individuals, where there is less job security and the individual is increasingly assessed. Knowledge sharing and extensive knowledge management is assumed by the staff to require, unselfish sharing of knowledge, team based evaluation and less emphasis on the individual, a more caring organisation, and less job insecurity for example. For organisations operating in such an environment of corporatisation and rationalisation then a radical cultural transformation may well be required to accommodate extensive knowledge sharing practices. This could be along the lines of the network, post-corporate organisation that engenders collaborative individualism (Limerick, Cunnington and Crowther, 1998).

However, some may see it as naive to assume that a deep-seated change in organisational culture, revolving around trust, sharing and collegiality, will take place to accommodate knowledge management programmes.

For organisations that wish to develop more modest knowledge management programmes a radical transformation of organisational culture may not actually be needed since they could employ a number of integrated techniques that work within the prevailing climate. These techniques can include rewards and incentives, a greater emphasis on the role of teams, a partial shift to evaluating teams and alternative work place layouts to increase interaction and informality. Technology will of course play a leading role in improving the communication and management of knowledge. The individual will rely on personal and team alliances and networks for the exchange of knowledge. This has been the case in the past but in the future it may be conducted more through the use of technology than on a face to face basis. All of these factors will improve knowledge management to some extent. Rather than an organisational value shift taking place knowledge will be increasingly seen as a commodity to be exchanged (bought and sold), as a source of political power (albeit sometimes related to teams), as a resource to secure an identity and as a form of security (Knights, 1995). This perspective fits in with forms of governmentality described earlier in the paper.

### ***6.2 A note on the methodology***

This discussion is shaped by the use of the hermeneutic method of analysis. It does not rely solely on the views of the participants but takes into account the organisational politics and culture and indeed the climate of the wider environment. Interestingly, the arguments put forward would be significantly different if they relied entirely on the findings of the

interviews, since many dismissed the potential of KM given the prevailing culture. In this respect, they perceived the culture to clash with the desire to more effectively manage knowledge.

In the organisation in the study the prevailing climate of governmentality was well embedded and was easily articulated by those interviewed. Many of those interviewed perceived an organisational culture clash in relation to extensive knowledge sharing. However, in the views of the authors, there is unlikely to be a radical reversal of organisational climate, particularly in the near future, to a pre-corporatisation and pre-rationalisation environment. Rationalisation and corporatisation not only form the culture and climate at ECU but are widespread across the university and business sectors in Australia. Equally, a radical transformation of universities to post-corporate types of organisations seems unlikely too (Limerick, Cunningham and Crowther, 1998).

## 7. Conclusions

This paper has examined the influence of organisational climate and culture on the potential for KM initiatives. The rationalisation, corporatisation and marketisation processes taking place within the University appeared, as far as many of the staff were concerned, to provide a clash with the aims of KM. However, it has been argued that the nature of organisational change for implementing KM initiatives is likely to range from no underlying change in the culture to radical cultural transformation depending on the level of KM expected. In some cases, KM is likely to entail a number of techniques which do not require deep-seated changes in organisational culture but which nonetheless improve the speed and access to knowledge between the participants. It is unrealistic to expect people to be philanthropically inclined with their knowledge in a climate of rationalisation and corporatisation. If organisations embarking on KM programmes take a realistic perspective then they are more likely to value the benefits that accrue from the changes and techniques rather than expecting a radical transformation to widespread sharing of knowledge.

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