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Organizational Culture Barriers to Knowledge Management

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The field of Knowledge Management has recently become the focus of writings and research of management strategists and information technologists. While many seem convinced that Knowledge Management is the correct approach to secure a strategic advantage, there has been less focus on the means by which a company implements a Knowledge Management initiative. In order for a Knowledge Management initiative to be successful, knowledge exchange must take place. In order for knowledge exchange to take place, significant cultural elements must take exist—those that reward the sharing, adaptation and application of the collected corporate knowledge.

Knowledge Processes

Knowledge Sharing

It is proposed in this paper that, in order for knowledge management systems to be effective, performance review systems and incentive systems should be designed to foster the development of corporate knowledge between employees. Employee motivation and performance are closely related to compensation, and effective pay systems should provide an incentive to employees to be productive and contributing members of the organization [Patten, Jr. 1977]. Deming [1986] proposes that individual performance appraisal cannot lead to significant improvements in organizational productivity and quality. Performance reviews or incentive systems that are tied to individual achievement or short-term financial gain may be counter-productive to a system that depends on employees to share, adapt and apply knowledge.

Therefore, compensation systems should recognize the performance needed from employees to support a knowledge management system. Personal contributions, or those attributes not demanded for a job, are not rewarded by a company because doing so would mean paying for contributions not required by the organization. Many companies are not careful to send clear signals of the contributions the organization needs, can accept, and will compensate versus those it does not want [Belcher 1974]. When implementing a knowledge management initiative, it is important to definitively integrate knowledge management systems, structure and processes into the existing core work processes. Additionally, knowledge capture should be a step in key processes [Hibbard 1997]. Because employees generally expect to be compensated for extra performance on the job, an organization must clearly communicate which knowledge management activities are considered as measurable attributes for performance evaluations.

Companies that have implemented Knowledge Management initiatives have used a variety of processes to enable the sharing of knowledge within the organization: informal and formal mechanisms; and personal and impersonal interactions. These processes are designed to create knowledge, which, as described by Nonaka and Takeuchi [1995], is created as a spiral. People share internal knowledge through socialization with others or by capturing it in digital or analog form. When knowledge has been shared, the recipient internalizes the shared knowledge, creating knowledge within the recipient. Recipients of knowledge then share their new knowledge with others, and the process repeats [Nonaka and Takeuchi, 1995]. Knowledge can be shared through informal mechanisms such as conversations by the water cooler and through formal mechanisms such as the distributions of white papers throughout an organization. Knowledge can also be transferred through personal interactions such as apprenticeship programs and impersonal interactions such as the input into and output from formal knowledge databases such as Lotus-Notes.

Although knowledge sharing processes vary greatly in form, each demands dedicated time of employees to be effective. Logically, if time is required for these processes, and these are required for the desired outcome, then it is proposed that the employees must be encouraged to participate in process activities. Encouragement may take the form of corporate policies and review systems, as well as management attitudes. Additionally, employees must be given access to the time needed to participate in these knowledge-sharing activities. For example, if input into a knowledge database is a desired action, then the expected timeframe of that process activity must be extended to allow for this additional responsibility.

This paper proposes that if the time to participate in knowledge-sharing activities must be taken during the traditional workday, traditional performance measures should be altered to recognize that time spent on knowledge-sharing activities is a legitimate, business-enhancing activity. If the expected output from employees is expected to remain constant, and knowledge-sharing activities are expected in addition to the current level of output, then performance measures must be designed to recognize these activities as ancillary to the normal output, and incentives must be created to recognize and reward the increased level of output from each employee.

Performance-based compensation systems are effective for short-term performance measures. To be effective, proscribed goals of a performance-based compensation system should be seen as attainable, within reach, and should provide early results [F. Luthans, Hodgetts, B. Luthans, 1997]. Short-term financial measures, it is proposed, may therefore be counterproductive to knowledge sharing processes, as their value may not be evident in the short-term. Additionally, employees may require time

to adapt to changes in work processes, some of which may require initial and even significant investments. Finally, the value of shared, adapted and applied knowledge may not always carry a tangible or easily identifiable cash value. Because knowledge management initiatives may not have easily identifiable cost benefits, it is believed that financial performance measures will not be effective measures of employee performance, and compensation systems should be designed to reflect this.

Adapting and Applying Knowledge

This paper has proposed that effective Knowledge Management processes require employees to feel encouraged to share knowledge among one another. However, to reap the benefits of shared knowledge, employees should also feel encouraged to adapt ideas and concepts that has been shared by co-workers and apply them to new situations.

Performance evaluations and incentive systems that encourage employees only to contribute knowledge to sharing processes would limit the effectiveness of these processes. For organizational learning to come from knowledge-sharing systems, knowledge must not only be contributed to the systems, but it must also be drawn from the systems and adapted so that it can be applied to new situations. It is not until knowledge has been adapted and reapplied that learning takes place [Prusak and Davenport 1998].

This paper asserts that when current performance evaluation and incentive systems are adapted to create a knowledge-sharing corporate environment, focus must be placed on systems that recognize and reward not only the sharing of new ideas within the company, but also the ability to effectively implement these shared ideas. As long as employees are rewarded only for creating new ideas, knowledge-based information systems will be a bank for the collection of historical accounts of successful ideas—employees will be incented to repackage existing ideas rather than apply ideas that have been developed by their peers. For these systems to create value, both the sharing of ideas and the implementation of ideas must be recognized as providing value to the company and be rewarded as such.

Cultural Considerations

Cultural Barriers

The culture that develops within a workplace is a function of both the unique national cultures of the employees [Lundy and Cowling 1996], as well as the culture that is developed within the organization [Deal and Kennedy 1982]. It is the belief of this paper that the acceptance of a change made in the workplace, particularly a significant change in the manner in which information is communicated, used, or applied, is dependent upon the culture in which the workplace operates.

In describing the dimensions of management upon which international corporate cultures can be defined, two dimensions in management, identified by Hofstede [1984] as endemic to the United States, are individualism and masculinity. Societies with a strong individualistic dimension are characterized by the need to fulfill obligations of self-interest and self-actualization. A strong masculine dimension is characterized, in part, by strong ego needs—the need to achieve, to excel and to feel proud on one's work. This dimension is characterized by the belief that the work environment should give chances to excel and that strict accountability is needed to show degree of achievement [Hofstede, 1984]. This paper asserts that the dimensions in management that would affect the propensity of employees to accept systems, structures and processes that promote the sharing, adaptation and application of knowledge are individualism and masculinity.

Several elements are attributed to the development of a culture within and organization. In addition to the national culture of an organization, a culture unique to the organization is highly influenced by the business environment of the company. The business environment can be described as the reality in which the business operates, which is dependent on their products, competitors, customers, technological dependence, and level of government influence [Deal and Kennedy 1982]. This culture is also defined by the types of employees hired into the organization [McDavid and Harari 1968]. A third element is the dynamic relationship between the business environment and the employees hired into the organization. The employees hired into the organization bring their societal culture to the workplace through language and customs, affecting the organizational culture. This, in turn, affects the individual's personal values, attitudes, assumptions and expectations [Mendenhall, 1988-9]. The introduction of new processes into an organization affects the workplace rituals and, therefore, the corporate culture. The interaction between the employees and the systems, structures and processes established by management affects all elements to create an adaptive element that also influences corporate culture.

Changing Culture

While knowledge management is a relatively new concept in strategic management, change has been a part of the corporate fabric for ages. As such, many theories exist regarding strategies for the management of change within an organization. In the implementation of knowledge management systems, structures, and processes within an organization, management is not limited by the means by which a knowledge-sharing culture can be developed.

Foremost, changes in systems, structures, and processes needed to develop a knowledge-sharing environment must be embraced by management. Support of a new system should come not only through the communications of management, but also through the behavior of management [Lundy and Cowling 1996]. If through either direct communications or management's behavior, it is evident that the structure, systems, or processes that support a knowledge management system do not have the full

support of management, it is the belief of the author that employees will not adopt the desired behaviors or activities that are necessary for successful implementation.

Additionally, management should seek the behavior of employees that will complement changes in systems, structures, and processes that promote the sharing, adaptation, and application of corporate knowledge. As such, management must develop incentive systems that support the behavior that they are seeking [Kerr 1975]. Knowledge management structures require that employees feel encouraged to share knowledge with their peers, and adapt shared knowledge under new conditions.

While management communication and behavior will have significant bearing on the adoption of new systems, structures and processes, the effectiveness of organizational innovation also depends on the acceptance of change by opinion leaders within the organization. If managed properly, opinion leaders offer management the means by which to introduce change within the organization [Rogers, 1962]. Acceptance of a knowledge management system can be eased if key personnel with large areas of influence are convinced of the system's value to themselves and the organization.

The value of a knowledge management system, from the perspective of employees, can be designed into the system in the early phases of the project. User involvement in the development of new systems decreases the level of apprehension that generally exists with organizational change because it effects a sense of control that helps to counteract the resistance to change [Coch and French, 1942]. Because culture can vary between organizations, it is likely that the optimal means for managing knowledge within an organization, or even a business unit of an organization, will vary among companies.

In addition to involving employees in the systems, structures and processes, management must create an environment in which employees will become dissatisfied with the status quo and will seek out the alternative that has been provided [Lundy and Cowling 1996]. Providing positive alternatives to the old systems, instructed by and supported by good role models, will assist in altering the culture to one that contributes to knowledge-sharing environment. As these new systems are accepted, management must put in place both the formal and informal procedures that will reinforce steps towards enacting the new and desired culture.

Finally, an unpleasant yet often necessary step in developing a new corporate culture is to design an employee base that promotes the new culture [Myerson and Hamilton, 1986]. Proactively, recruiting and hiring policies should seek employees that embody the culture that is desired. In the event that this is a slowly moving process, it may be necessary to dismiss employees who are counterproductive to the development of new attitudes in the workplace. Careful attention must be paid to avoid creating a hostile work environment that would impede any progress that has been made to develop a sharing culture.

Conclusion

This paper has described the key cultural and organizational elements that may hinder the acceptance of new knowledge management project and has presented organizational practices for overcoming these cultural barriers. In time, it is believed by the author that the systems, structures and processes that support knowledge-sharing and knowledge increase within an organization will be most successful when designed in conjunction with the systems, structures and processes of the organization.

References

References available upon request from author.