

Knowledge Management in Economic Downturn: Indian Scenario

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Abstract

Knowledge management is becoming an indispensable aspect of most of the modern business organizations. It is considered as a corporate cost savings process to augment performance capabilities with broader availability and utilization of major corporate knowledge assets. Knowledge management is the basis of all planning, all development and all progress of an organization. It is one of the significant ingredients, which makes the accessibility of acceptance with understanding of learning. With recession encompassing the globe, the organizations are passionately engaged in cost cutting practices to maintain profitability and competitiveness. When enterprises realize that developing and sharing knowledge is pivotal to sustain a cutting edge, the management can decide to place knowledge management high on their agenda- especially during economic turmoil. The Indian organizations have exceedingly done well during the economic turmoil. The present paper is an attempt to study knowledge management during recession in Indian scenario. Major challenges faced by the organizations are highlighted along with strategies to overcome such challenges are presented by the authors.

Keywords: knowledge, knowledge management, recession, innovation, Indian scenario.

1. Introduction

The period of economic downturn is regarded as the time of uncertainty and ambiguity. Nothing looks to be clear and transparent; the organizations look wayward in attaining their vision and mission under such grim circumstances. Under such scenario, knowledge management is more significant than ever, but one needs to recognize the right approach to garner the benefits. Knowledge management is a stiff selection from management that requires a behavioral change and should be approached in a result-oriented and market-oriented way to really improve and renew constantly. Despite strong immunity to the crisis, in India, millions of jobs have got vanished in few months and a salary cut of 10% to 20% across the level in most of the segments was witnessed. If we look at other side of the coin, the state of downturn provides an excellent opportunity to the organizations to revive their oriented strategy. At this juncture, majority of the organizations try to downsize their manpower and reduce the expenses but there are few organizations that take care of their knowledge management resources. A downturn can provide a period for reflection and stimulate creativity in the knowledge workers. Working harder may be replaced by working smarter. Similarly, it may become an opportunity to reconfigure the business including its competencies, organization and the processes to prepare to be the big winner in the revival times. In the eyes of knowledge management, economic downturn has to be perceived as an opportunity rather than a threat. It is our perception that changes the meaning. If one considers it as a threat, it will pose problems. Rather it is an

opportunity with challenges for knowledge managers.

2. Review of Literature

Caballero and Hammour (1994) stated that the recessions are times of “cleaning up”, when outdated or unprofitable techniques and products are dismissed and new technology is adopted. Knowledge management is the methodology for systematically gathering, organizing and dissemination of facts called information (Davenport et al., 1998). The major advantage of a KM approach is that it guides investment decisions (Davenport, 1998). McInerney (2002) described knowledge management as a common business practice and as a theoretical field of study. Others have simply concluded that knowledge management is the creation, transfer and retention of knowledge by organizations (Martin de Holan & Phillips, 2004). In practice, knowledge management is a conscious effort to gain from the knowledge that lies within in an organization by using it to achieve the organization’s mission (McInerney, 2002). The effects of global economic meltdown vary from countries to countries depending on the level of government response and proper economic initiatives (Metaxiotis et al., 2007). The factors that are indicators of financial crisis in a country: (i) Reduced trade and industrial production (ii) Unemployment (iii) Recession entrepreneurs (iv) Decreased volatility of financial markets (v) Reduced business travels. Knowledge need not be a set of defined assertions with precisely specific domain; it may be both empirical and vague in nature (Folorunso et al., 2007). Knowledge has been recognized as the main driver of any successful business. The present economic crisis is a reflection of general failure of business in different regions of the world. Poor economic calculation, non-performing loans and other factors have been identified to fuel the present situation (Rubin, 2008). Today, in the market place of e-business, KM initiatives are used to systematically leverage information and expertise to improve organizational Responsiveness, Innovation, Competency and Efficiency (RICE) (Sidore, 2008). It has been debated several times that economics problems could not be adequately handled by empirical scientific knowledge (Lightman, 2009).

3. Knowledge Management in Economic Downturn

Before looking at the knowledge management issues in economic downturn, one has to see how recession is related to output and time. It has been proved that recession is an inevitable part of the business cycle.

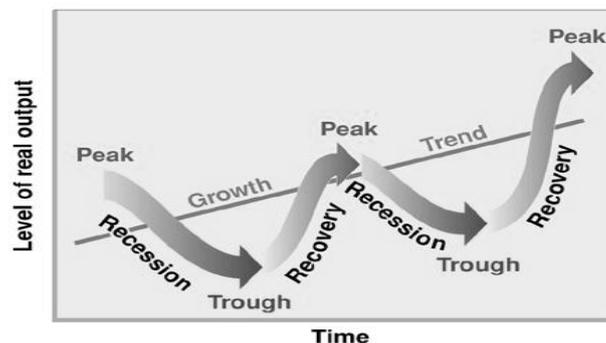


Figure 1. Business Cycle

In a trend of peak and trough, recovery follows recession. The economic recession has unquestionably impacted our financial and social growth. The present economic crisis has also

started directly affecting Indian organizations. It has badly affected the external demand. The magical 9% growth target does not appear that 'doable' any more; rather we should be satisfied to have 7% growth this fiscal year and the next. All these adverse business situations have made the think-tank of our leading organizations to work out for comprehensive communication strategies and minimize the impact of downturn.

Knowledge explosion, mounting globalization, the swift development and dispersion of information and communication, and their interactive effects require development strategies. Effective knowledge management strategies can provide new analytical perspectives in the long run. Organizations which have implemented or are planning to implement a knowledge management strategy should visualize knowledge management to lead them to new ways of doing business, increased market shares and produce vast future prospects for businesses. Larson & Toubro launched Know Net – the knowledge management portal to solve problems occurring at project sites. It uses knowledge management to roll out real world construction projects at lower costs. Each employee in the organization has accumulated experience over the years and has unknowingly used it for problem solving or creating strategies. The strategic challenge lies in getting people to know ‘what they know’ and then share it with others. Nokia India feels the necessity to communicate openly, honestly and frequently with the customers at the time of recession.

The ICICI portal “Wise Guy” was started because a need was felt to create and generate the culture of knowledge dissemination in broader perspective. The “Wise Guy” portal could act as a common thread binding two different cultures enabling a smooth transition into a universal bank. ICICI Bank has branches spread all over the country. Similarly, Infosys Technologies uses its knowledge management system to capture and template permanently the learning from projects because software professionals tend to be mobile (Goswami, 2004).

Goldman Sachs (India) Securities affirmed its faith in transparency, is a standard operating procedure for communication during a recession. It made sure that everybody from the junior to the senior management levels should reach out proactively with their clients and afterwards it was found that the conversation yielded good results. Wipro Ltd encourages its team members and employees to ask questions as the management believes innovations come from those who do not afraid to questions and questioning enables to build confidence. Wipro Infotech has been following the following knowledge management model and remains active to sail through the critical phase of recession with the help of it.

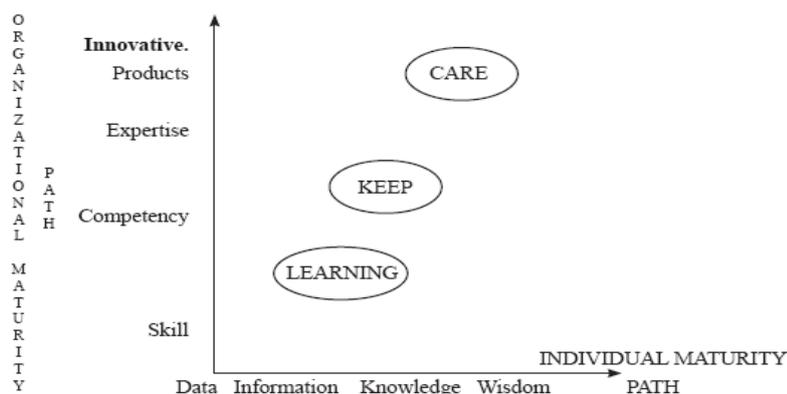


Figure 2. Wipro's KM Model
 Source: Srivastava et al, 2001

India is fourth largest economy in world, attracting global demand for its Knowledge Management. More vigorous efforts are required to spread Knowledge Management in rural areas so as to change the total environment and thinking in rural areas of India. India has made a remarkable growth from economic and social point of view in the past two decades and is poised to realize even faster growth in the years to come. This is possible only with the help of knowledge economy and a focused and innovative education agenda. Knowledge workers are the key to success in any organization. Investment on knowledge workers is bound to pay greater fruits in the long run. In Indian scenario, there are many eminent business role models who gave their valuable contribution towards nurturing knowledge management movement.

Table 1. Forerunners of Knowledge Management: Indian Scenario

Knowledge Transformers	Contribution
Shiv Nadar, Chairman, HCL Technologies	Transformed a hardware firm into an integrated IT enterprise by reinventing the company focus.
Azim Premji, Chairman, Wipro	One of the oldest architects of IT revolution, revenue of over Rs. 25,544 crore, Wipro has interest in not only IT, but also in FMCG, water and energy.
N.R. Narayana Murthy, Infosys	Pioneer of Infosys with a small investment of Rs.10,000 with 6 others and nurtured it to make a world class company.

Source: Developed on the basis of review of literature

4. Knowledge Management: Causes and Concern

The multidisciplinary character of knowledge management has resulted in input from people in different streams including economists, human resource professionals, IT professionals and library and information professionals. Knowledge management helps an organization to gain insight and understanding from its own experience. Specific knowledge management activities help focus the organization on acquiring, storing and utilizing knowledge for problem solving, dynamic learning, strategic planning and decision making. It also prevents intellectual assets from decay, adds to firm intelligence and provides increased flexibility.

Nirmala Palaniappan, Senior Manager- knowledge management, Oracle APAC has classified knowledge management strategies into five types: dictator, broker, psychologist, peacemaker, and doctor/surgeon. In the dictator approach, everything in knowledge management is integrated, centralised, and controlled from one place. In contrast, the broker strategy is to connect everyone in the organisation, and is not focused just on assets and capture. This approach has a strong focus on communities, relationships, conversations and expertise location. To ensure knowledge management “stickiness,” organisations should focus on the branding of their knowledge management initiatives, regular communication, daily usage of knowledge management, and effective tools (with useful and innovative features).

The major challenge for most Knowledge management organizations that aspire to provide E-learning in India is to get good program that meets the learner’s needs and then make the cultural change in the way they learn. There are various significant challenges which lie ahead as follows:

- Putting Information Technology on the edge
- Preparing young minds to develop with the blends of the technology

- Providing good infrastructure in Knowledge management
- The organization does not display a relationship between the importance of knowledge management and the accomplishment of organizational goals.
- Awareness and implementation of knowledge management across the organization may not be uniform but pilot projects are in place in some areas.
- The organization uses knowledge management procedures and tools and it is recognized that knowledge management brings some benefit to the business.
- The organization has an integrated framework of knowledge management procedures and tools, but there are some technical and cultural issues still to be overcome.
- Knowledge management procedures are an integral part of organizational and individual processes and the value of knowledge is reported to the stakeholders.

A few problems which have been highlighted could adopt the following step-by-step procedure of progress. The clubbing of technology adds more glory in its shades and shines like more innovations and skills. The technology and its tentacles create passionable and fashionable stuff with latest tools of Knowledge Management. These challenges can be overcome by following below knowledge management strategies.

- Enhance the supply of internal digital knowledge and external information through one portal;
- Develop the organization of the library and deliver more information services through this facility.
- Classify and execute a development/training librarians; path for professionals;
- Develop the process of document delivery and hire know how workers per sections to synchronize
- Build a new system that enables the professionals in their mundane affairs

5. Conclusions

The organizations face new challenges and opportunities during the economic downturn. An economic downturn may present positive opportunities to grow sales and marketing success. It is believed that effective knowledge management strategy is core to survive an economic crisis. The organizations by implementing innovative knowledge management strategies can weather today's economy storm and stay better connect with the internal –external business world. The organizations should develop the habit of learning from the past mistakes and evaluate their communication. A comprehensive knowledge management strategy will certainly provide them a road map to achieve their business targets even during and after the recession period as well. The organization should concentrate to foster connections –whether attracting, retaining, building, growing, maximizing, and/or maintaining connections.

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