

THE PRACTICE OF KNOWLEDGE MANAGEMENT IN A BPO- A PRELIMINARY STUDY.

*Dr.S.Sudhakar, Professor
AJK Institute of Management
Coimbatore-105,India.*

*Prof.A.Ragukumar, Assistant Professor
AJK Institute of Management
Coimbatore-105,India*

Abstract— The IT and ITES sector are fast adopting Knowledge management for their business existence .Today across verticals Knowledge Management is keenly adopted and when the companies have to interact with their environments, they get information, transform into knowledge, and use to make a decision based on their experiences, values, and internal rules. The knowledge practice is keen interest for all and this study investigates the overall practice of knowledge management in a BPO and its results. .

Keywords- *Knowledge Management, Knowledge management practice, Return of Investment etc.*

INTRODUCTION

Knowledge management is “a systematic and integrative process of coordinating organization-wide in pursuit of major organizational goals” (Rastogi, 2000). Knowledge management is regarded as the managerial efforts in facilitating activities of acquiring, creating, storing, sharing, diffusing, developing, and deploying knowledge by individuals and groups (Demerest, 1997; Rowley, 2001; Soliman and Spooner, 2000). Knowledge sharing, also called knowledge transfer or knowledge diffusion, refers to the process by which knowledge is transferred from one person to another, from individuals to groups, or from one group to another group (Davenport and Prusak, 1998). Information Technology (IT) industry in India is one of the fastest growing industries. India is considered as a pioneer in software development and a favourite destination for IT-enabled services. The

IT and ITES sector are one of sectors to rapidly adopt of knowledge management system and use it effectively for their business.

REVIEW OF LITERATURE

Knowledge is believed to be the major source of competitive advantage (Pan and Scarbrough 1998, Scarbrough et al. 1999) because of its “tacitness, inimitability immobility” (Grant 1997). “The Capability to gather, lever and use knowledge effectively will become a major source of competitive advantage in many businesses over the next few years” (Trussler 1998). Thus, Knowledge management (KM) is regarded as core competitive competence on which the success of the organizations rely (Skyrme and Amidon 1998). Effective KM requires an understanding of what constitutes ‘knowledge’ (Allee 1997), because how it is managed depends on how it is viewed (Carlsson et al. 1996, Scarbrough et al. 1999). Early debates on KM favour deployment ICT (Cole-Gomolski 1997, Finerty 1997), hence the technology used in the industry has focused on capturing, codifying and reusing knowledge (Reiner and Fruchter 2000, Scherer and Reul 2000). However, recent KM studies in the industry are still emphasizing technological applications (Bakis and Watson 2000, Doherty 2000, Egbu 2000, Egbu et al. 2001, Fruchter et al. 2000, Morris et al. 2003, Robinson et al. 2001).

OBJECTIVES

Primary objective:

- To study Knowledge management systems adopted by the BPO and report its benefits.

Secondary objectives:

- To study the role of Knowledge management in Knowledge creation.
- To examine the overall effectiveness of Knowledge management.
- To gain a more profound understanding of what constitutes knowledge sharing in practice.

RESEARCH DESIGN

Data was collected through Questionnaire which would be administered as sample to three groups.

Group I – Employees from the Marketing Department – Overseas Business Development Executives.

Group II – The Management and HR Executives.

Group III – The Technical Team (Software Developers, Designers, Business Analysts, Designers, and Project Leads.)

The Structured Questionnaire which was pretested with 10 percent of the employee was used to conduct the survey. The questionnaire has 20 items spread over the four parameter identified with literature support & interview of key persons of the BPO. These are knowledge learning, knowledge sharing, return of investment and IT support for Knowledge management. The reliability of the developed scale was found to be 0.79 Cornbach Alpha which is adequate enough for research. The sample size consists of 120 employees of the BPO.

RESEARCH OUTCOMES

MULTIPLE REGRESSIONS – THE BENCHMARK STUDY

Dependent variable: Effectiveness of Knowledge management

Independent variable: Knowledge learning, knowledge sharing, ROI, IT Support

GROUP I ANALYSIS-

ANOVA

Model		Sum of squares	df	Mean Square	F	Sig.
1.	Regression	13.767	4	3.442	8.708	.000
	Residual	13.833	35	0.395		
	Total	27.6	39			

a.Predictors: (Constant), K LEARNING, ROI K SHARING, IT SUPPORT

b. Dependent Variable: Overall

Model		Non-standardized Coefficients		Standardized Coefficients Beta	T	Sig.
		B	Std. Error			
1	(Constant)	0.093	2.819		0.33	0.974
	KLEARNING	0.502	0.356	0.261	1.412	0.167
	KSHARING	-0.449	0.747	-0.152	-0.6	0.552
	ROI	1.837	0.61	0.867	3.013	0.005
	ITSUPPORT	0.913	1.237	-0.226	-0.739	0.465

a. Dependent Variable: overall

R2 is 49 percent. The regression model is significant as value of F is less than .05.

Variable 1 Knowledge learning has a positive impact on the effectiveness of knowledge

management $\beta = .261$ p value $> .05$ It indicates that the organization continuously strives for learning, unlearning and re-learning for its employees. Knowledge management helps in constant and continuous transformation of individual learning to organizational learning and vice versa. But the interpretation cannot be given as the value of p is greater than .05

Variable 2 Knowledge sharing shows a negative impact of overall effectiveness of knowledge management. $\beta = -0.152$, $p > .05$. It means that employees from Group I disagree that the organization a cohering and powerful vision of the organization is shared across the workforce to promote need for strategic thinking at all levels. According to them the organization does not give formal and informal opportunities for sharing knowledge and experiences with fellow workers for mutual learning. There are no cohesive teams in organization which facilitates sharing experiences and information among employees from all levels of the organization. KM system does not help in fast and better decision making.

Variable 3 ROI shows a positive impact on overall effectiveness of knowledge management as $\beta = 0.867$, value of $p < 0.5$. This indicates that ROI has a positive impact on overall effectiveness of knowledge management. Employees from Group I believe that KM helps in enhanced productivity or service quality. KM helps in increasing innovation by the employees. KM makes it easy to enter different market types. Application of KM system results in increased market share. KM helps to achieve better ROI.

Variable 4 IT support has a negative impact on overall effectiveness of knowledge management. $\beta = -0.226$, $p > 0.5$. Employees from Group I believe that they do not get enough IT support by the

support for collaborative work regardless of time and place. Their notion is that they are not provided with enough IT support for communicating among team members, searching, and accessing necessary information and systematic storing. Analysis of the first question i.e. the current status of managing employee’s knowledge in the organization showed that 80% of the employees from Group I commit that it is the at introduction stage.

GROUP II ANALYSIS

Model		Sum of squares	df	Mean Square	F	Sig.
1.	Regression	8.17	4	2.043	8.687	.000
	Residual	8.23	35	0.235		
	Total	16.4	39			

- a Predictors: (Constant), KLEARNING, KSHARING, ROI, ITSUPPORT**
- b. Dependent Variable: Overall**

Model		Non-standardized Coefficients		Standardized Coefficients Beta	T	Sig.
		B	Std. Error			
1	(Constant)	-3.541	2.374		-1.492	0.145
	KLEARNING	0.096	0.258	0.053	0.372	0.712
	KSHARING	0.18	0.273	0.081	0.661	0.513
	ROI	0.672	0.254	0.399	2.64	0.012
	ITSUPPORT	0.857	0.315	0.435	2.716	0.01

- a. Dependent Variable: overall**

R2 is 49 percent. The regression model is significant is as values of F is less than .05.

Variable 1 Knowledge learning has a positive impact on effectiveness of knowledge management $\beta = .053$ p value $> .05$ It indicates that the

organization continuously strives for learning, unlearning and re-learning for its employees. Knowledge management helps in constant and continuous transformation of individual learning to organizational learning and vice versa. But the interpretation cannot be given as the p value is greater than .05

Variable 2 Knowledge sharing shows a positive impact on overall effectiveness of knowledge management. $\beta = .081$, $p >.05$. It means that employees agree that the organization has a cohering and powerful vision of the organization is shared across the workforce to promote need for strategic thinking at all levels. The organization gives formal and informal opportunities for sharing knowledge and experiences with fellow workers for mutual learning. There are cohesive teams in organization which facilitates sharing of experiences and Information among employees. KM helps to address the communication gap in the organization. Policy making and implementation involves employees from all levels of the organization. KM system helps in fast and better decision making

Variable 3 ROI shows a positive impact on overall effectiveness of knowledge management as $\beta = 0.399$, $p \text{ value} <.05$. This indicates that ROI has a positive impact on overall effectiveness of knowledge management. Employees believe that KM helps in enhanced productivity or service quality. KM helps in increasing innovation by the employees. KM makes it easy to enter different market types. . Application of KM system results in increased market share. KM helps to achieve better ROI.

Variable 4 IT Support has a negative impact on overall effectiveness of knowledge management. $\beta = 0.435$, $p \text{ value} <.05$. Employees believe that they get enough IT support by the organization for knowledge management. It indicates that

Employees are provided with IT support for collaborative work regardless of time and place. Employees are provided with enough IT supports for communicating among team members. Employees are provided with enough IT support for searching and accessing necessary information. Employees are provided with IT support for systematic storing.

Analysis of the first question i.e. the current status of managing employee’s knowledge in the organization showed that 92.5% of employees from Group II commit that it is at the growth stage.

GROUP III ANALYSIS
ANOVA (b)

Model		Sum of squares	df	Mean Square	F	Sig.
1.	Regression	3.845	4	0.961	2.68	0.048
	Residual	12.555	35	0.359		
	Total	16.4	39			

a Predictors: (Constant), KLEARNING, KSHARING, ROI, ITSUPPORT

b. Dependent Variable: Overall

Model		Non-standardized Coefficients		Standardized Coefficients Beta	T	Sig.
		B	Std. Error			
1	(Constant)	1.042	2.635		0.395	0.695
	KLEARNING	-0.308	0.183	-0.286	-1.684	0.101
	KSHARING	0.601	0.507	0.178	1.185	0.244
	ROI	0.244	0.288	0.148	0.846	0.403
	ITSUPPORT	0.135	0.286	0.083	0.476	0.639

a Dependent Variable: overall

R2 is 23 percent. The regression model is significant is value of F is less than .05.

Variable 1 Knowledge learning has a negative impact on effectiveness of knowledge management $\beta = -.286$ p value $>.05$ It indicates that the organization does not strive for learning, unlearning and re-learning for its employees. Employees feel that Knowledge management does not help in constant and continuous transformation of individual learning to organizational learning and vice versa. But the interpretation cannot be given as the p value is greater than .05

Variable 2 Knowledge sharing shows a positive impact on overall effectiveness of knowledge management. $\beta = .178$, p $>.05$. It means that employees agree that the organization has a cohering and powerful vision of the organization is shared across the workforce to promote need for strategic thinking at all levels. The organization gives formal and informal opportunities for sharing knowledge and experiences with fellow workers for mutual learning. There are cohesive teams in organization which facilitates sharing of experiences and Information among employees. KM helps to address the communication gap in the organization. Policy making and implementation involves employees from all levels of the organization. KM system helps in fast and better decision making.

Variable 3 ROI shows a positive impact on overall effectiveness of knowledge management as $\beta = .148$, p value $<.05$. This indicates that ROI has a positive impact on overall effectiveness of knowledge management. Employees believe that KM helps in enhanced productivity or service quality. KM helps in increasing innovation by the employees. KM makes it easy to enter different market types. . Application of KM system results in increased market share. KM helps to achieve better ROI.

Variable 4 IT Support has a positive impact on overall effectiveness of knowledge management. $\beta = .083$, p value $<.05$. Employees believe that they get enough IT support by the organization for knowledge management. It indicates that Employees are provided with IT support for collaborative work regardless of time and place. Employees are provided with enough IT supports for communicating among team members. Employees are provided with enough IT support for searching and accessing necessary information. Employees are provided with IT support for systematic storing.

Analysis of the first question i.e. the current status of managing employee's knowledge in the organization showed that 85% of employees from Group III commit that it is at an introduction stage

RESULTS AND CONCLUSION

The null hypothesis is rejected in all the cases and the alternate hypothesis is accepted. It shows that there is a significant impact of knowledge sharing, knowledge learning, ROI and IT support on overall effectiveness of knowledge management among all the three groups investigated in this study.

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AUTHORS PROFILE

Dr. S. Sudhakar, B.Sc (Physics), MBA (Marketing), PhD (Management Sciences) is at presently working as a Professor at the AJK Institute of management a Career focused standalone B School in Coimbatore. He completed his PhD from PSG Institute of Management, Coimbatore Earlier he worked as an Associate Professor- Srikrishna College of Technology Coimbatore. He also worked for a prominent B School -G R G School of Management studies, Coimbatore as Head of

Department. He has the distinction of clearing both UGC NET and SLET examination. He has presented more than 30 papers in both National & International conference and seminars. He has published 20 papers and seven cases in peer reviewed international journals of repute. His area of interest includes marketing, strategic management and customer relationship management

Prof.A.Ragukumar is currently working as an Assistant Professor, AJK Institute of Management, Coimbatore. A seasoned lecturer he has been teaching and researching in the area of general

management and finance. He is pursuing his Doctoral Study in the area of Knowledge management under Bharathiar University. He has published with reputed journals and taken keen interest in presenting papers in National and International conferences.