KNOWLEDGE MANAGEMENT- POSSIBILITIES AND CHALLENGES FOR INSTITUTIONS AND ORGANIZATIONS

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Abstract

In this paper are reviewed the new concepts of knowledge management and its application in practice at Microsoft Corporation, IBM Philips, Waterford Institute of Technology, Hewlet Packard and KPMG Consulting. The purpose of study of study if that by analyzing this cases to floor issues that may impact on improvement of application of knowledge management at organizations and institutions in Kosovo. During the elaboration is used normative and comparative method supporting on primary and secondary source of data.

In order to be successful and competitive in market, the leaders of these companies are continuously searching new ways to achieve results. Creation and keeping of portfolio balance of intellectual capital, serves to face with different challenges coming from the globalization trends.

The study arrives to clarify that world economies the basis their development support on knowledge. Application of programs of knowledge management at organizations and institutions enables dynamism and competition in market. In Kosovo is a necessity to have more coherent and better structured access to knowledge management. The Government ought more support the institutions and organizations which develop research for developing their intellectual capital. Hence the National Council should be established. The Council would compile the strategic framework for knowledge management, so that elite education institutions to save the intellectual capital.

Key words: knowledge, management, intellectual capital, innovations.

INTRODUCTION

Dynamic developments of information technology and communication of recent years has enabled the knowledge and its management to be on the foundation of effectively and successful organisations and institutions. The dynamics of modern market development and changes of systems require new attitude towards knowledge management. Therefore, the leaders of successful organisations and institutions and up to national economies in order to respond to the increase of competition in market and to face with challenges of speedy techno-technologic developments as well as to globalism market, they must save and develop their intellectual capital.
Knowledge management is a systematic integral handling to identify, manage and share all assets of information of the department, including data-bases, documents, regulations and procedures, as well as previous unspecified and the experience of individuals (Jones, 2003).

Some international organisations and institutions as International Monetary Fund, Red Cross International Federation, United Nations Organisation, International Labour Office, are successful in the field of KM. They have created departments for KM and innovations in their staffing table. In the OECD (2009) [1] publication is emphasized: *Innovation is main source for economic performance and social welfare. It directly influences on productivity, creation of working positions and welfare of citizens and supports to addressing the global challenges as economic crises, health and environment*[2]. Innovative companies that are concentrated on the KM programs among others are: IBM, Cisco, Volkswagen Group, General Motors, Microsoft Corporation, and Hewlett Packard, Waterford Institute of Technology. Through complex and challenging programs is aimed to generate new knowledge which will be oriented in the service of increase of competitive skills for organisation/institution, the exchange of information and advanced practices. Such programs are key factor to be successful and competitive.

The main purpose of this study is to research the practices of KM in foreign companies so that to lay out issues that may impact on improvement of application of KM at our institutions in Kosovo. The main research question is:

RQ: What steps may be undertaken in order to improve the knowledge management and keeping of intellectual capital in Kosovo?

Methods and methodology

In this study is adopted qualitative method. On the explication of paper is used normative and comparative method, supported on the data from primary and secondary source. In order to identify and elaborate main issues, actions and possibilities of KM, is selected flat theory

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[1] OECD (2009), "Executive Summary", in OECD Science, Technology and Inductry Scorebord 2009, OECD Publishing.
[2] OECD (2009), "Executive Summary", in OECD Science, Technology and Inductry Scorebord 2009, OECD Publishing.

of data interpretation, intertwined with case studies with a kind of ethnographic treatment. *The research model which is based on deep qualitative study has some similarities with ethnography* (Atkinson and Hammersley, 1994).

The data is collected from primary and secondary sources. The basis of primary sources was the data related the research work of companies that were published in their web-pages. Whereas the basis for collection of secondary source data is the literature, research studies and reports for the achievements in the field of knowledge application as well as other published materials. There are selected several companies and institutions that are successful on the application of knowledge management.

Analyse of data has passed through certain phases:
- Gathering of data and its comparison with literature which identifies the achievements in the field of knowledge, KM and its application;
- Careful elaboration of the activity of companies by focusing on the possibilities they have and they give to development of knowledge and absorbance of innovations to created competitive advantages;
- Identifying of important issues and main characteristics of KM, but also the methods of execution of KM at the researched cases. In this phase a particular attention is paid to the manner of handling the matrixes that foreign companies use in the process of development, keeping and motivation of capital called 'knowledge';
- The conclusions about the findings are made by making efforts to undertake into elaboration good practices regarding the respect and KM occurrence, for as much as may create the space in Kosovo.

Definition of knowledge, characteristics and its types

Knowledge is a specific resource that only people possess. Researchers gave definitions for knowledge and its management. Sveiby (1997, fq.37) defines the knowledge as 'capacity to act'. Thomas Stewart, editor of 'Fortuna', "Intellectual capital is something that cannot be touched, but slowly makes you rich"[3]. The specific of knowledge is that, it cannot be spend, felt, touched, tested or seen[4]. Peter Drucker, emphasizes "fundamental sources of economy, production forces, is not the size of capital, neither the natural sources or labour force. Fundamental source is and will be knowledge".[5]

Michael Polanyi, Hungarian-British scientist made the most important division of knowledge from the management aspect in two types: tacit and explicit knowledge. Tacit knowledge exists on the head of humans and is not articulated or documented. Explicit knowledge may be elaborated in the system of data, codified and registered as well as archived and protected.

The capital called "knowledge" may be considered capital if it produces measurable financial effects in organisation. In order to create capital, companies should focus especially on tacit knowledge that is personal basis of experts and fundamental for creation of innovations and changes as well as to achievement of competitive advantages and organisation's development

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[3] Ymer Havolli, Durim Hoxha, *Menaxhimi i dijes dhe inovacionit,* Authorized dispense , 2008
[4] Prof dr M. Banjanin, *Konverzacioni proces i mreže zna*nja, 2005, Philosophy Faculty, Novi Sad, (http://www.ffuis.edu.ba/media/faculty/documents)
[5] http://www.knowledgemanagmentgateway.com/

that is one of purposes of KM.[6] Knowledge processes should be able to catch tacit knowledge and to clarity it, but to arrive it companies need to have encouraging clime. From the business perspective, KM is a measurable strategy of business optimization that selects, discovers, saves, organizes, collects and communicates information that are essential for the business of company in the way to improve the performance of employees and competition of corporate.[7]

Development trends of KM as managerial concept

In 19993, at Boston (USA) is held Conference on KM. In this season General Motors Company starts with projects on KM under direction of Chief Executive Officer.[8] Afterward Huges Aerospace and Electronics presented an innovative system for information registration for the repetition able problems in the field of research and development. Earlier explorer of KM and innovation is *Microsoft Corporation* Company whose vision is to create innovative technology that is achievable for everyone and suitable for the needs of each person[9].

In 1995 the publication *Companies that create knowledge: who Japanese companies create dynamic innovations*[10], *in* 1995 is expected with huge interesting. Publication had base on knowledge and modern concepts of KM. The development of KM is best described in the research of global network of professional companies - **KPMG Consulting, "**Knowledge *Management Research Report 2000*",[11].

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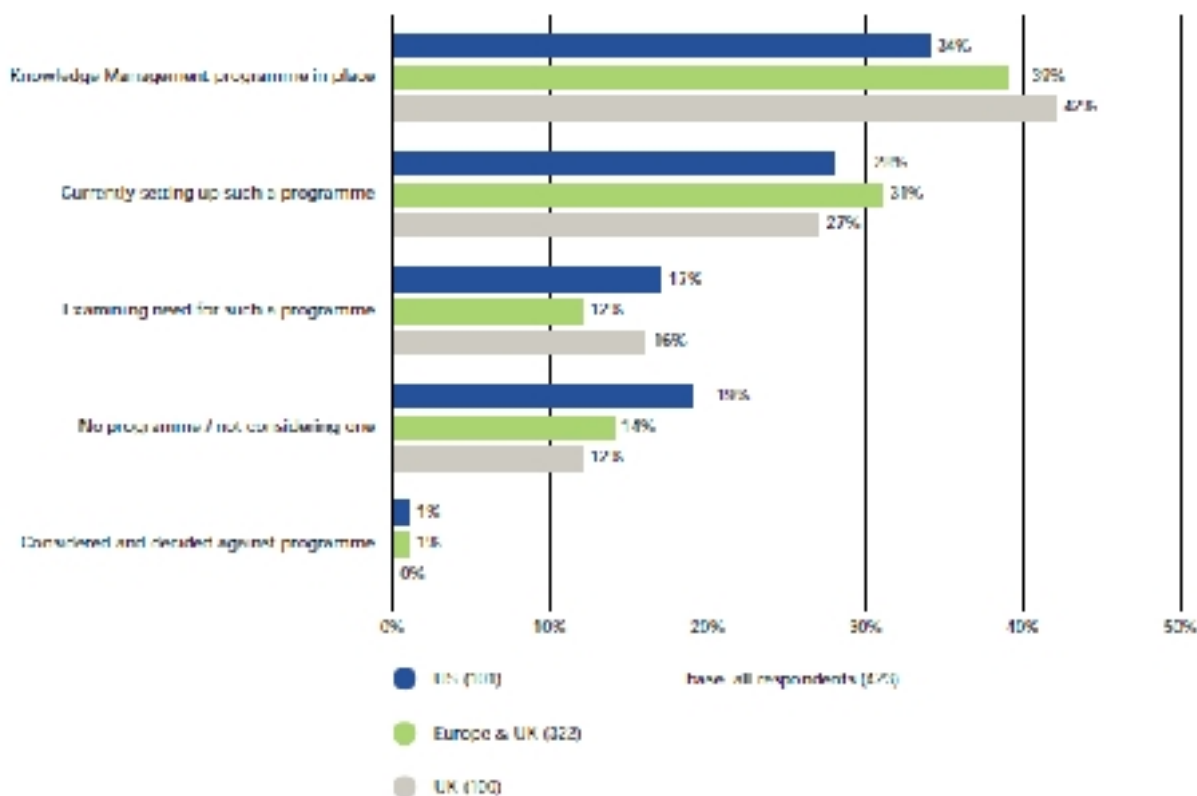
[6] Prof. dr Petar Jovanović, Filip Jovanović, Knowledge management – specialized management discipline. (http://www.symorg2008.fon.bg.ac.yu/prijava/radovi/petarj_Symorg%202008.doc)

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[8] http://hr.wikipedia.org/wiki/Upravljanje_znanjem

[9] Bill Gates, *Vision of Microsoft Corporation* (www.microsoft.com)

[10] Ikujiro Nonaka dhe Hirotaka Takeuchi, are japan professors at "Hitotsubashi University" in okio.

[11] http://www.providersedge.com/docs/km_articles/KPMG_KM_Research_Report_2000.pdf

Chart 1: Status of the knowledge management (KM) program
Source: *Knowledge Management Research Report 2000[12]*

The research is developed in 423 organisations with annual inflow higher than 347 million $(USA). There are interviewed the directors of enterprises, directors of marketing and people in charge of knowledge management. From them is required to precise the level of their MD program. From them, 38% declared they have in function programs for KM, 30% of them are in the phase of including the KM program and 13% are reviewing the need for this program. From respondents is requested to specify the level from which are coming main incentives for KM. They declared, 32% is from the Board and 41% from the top management. This implies that leaders in organisation understand the importance of KM and incentive the KM initiatives.

In order to analyse the trends of KM development same organisation carried out research *Insights from KPMG's European Knowledge Management Survey* 2002/2003[13]. In research are included 500 top-organizations in Great Britain, France, Germany and Netherland. The results of research for implementation of KM concept in practice imply that 80% of interviewees consider the knowledge as strategic asset, while 78% of them believe that they miss business opportunities because it is not used the knowledge they have in disposal. The companies evaluate that 6% of the annual inflows, loses because of fail using knowledge in effective manner.
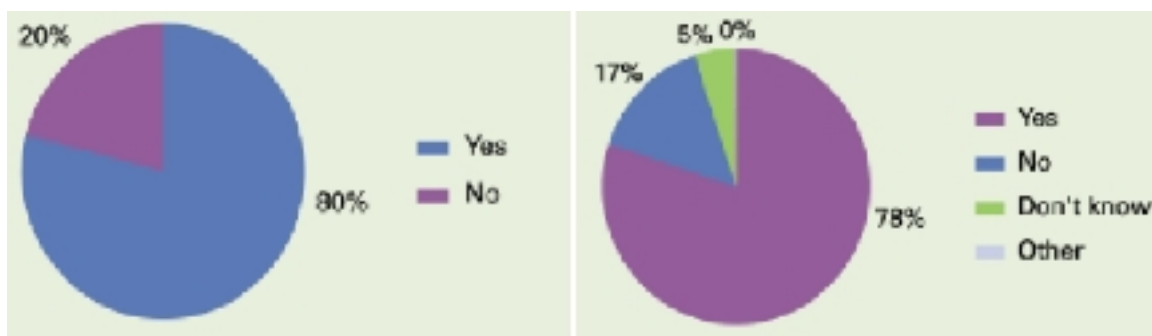

Fig 1. Is your company assessing knowledge as strategic asset?

Fig 2. Do you believe you lose the business opportunities because of non usage of knowledge in disposable?

Source: *Insights from KPMG's European Knowledge Management Survey 2002/2003[14],*

Comparing two research papers, it is ascertained progress on using and understanding KM. In 1999 KM was not seen as a strategic asset, while in 2002/2003 the study indicates that the majority of interviewers assess knowledge as a strategic asset that creates value.
Ernst & Young Company in 1990 created Centre for information Technology and Strategy in Boston (USA) for research in the early phase for technology and management matters. Later on this Centre is transformed into the Centre for Business Innovation. For support to top management (Davenport, 1997a) would emphasize *Support of top management for knowledge as a competitive advantage is very high, while the sources of high levels are directed to the management of knowledge.* The activities of this Centre were focused on management of knowledge and change in organisation and in process engineering.

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[12] http://www.providersedge.com/docs/km_articles/KPMG_KM_Research_Report_2000.pdf,
[13] http://ep2010.salzburgresearch.at/knowledge_base/kpmg_2003.pdf
[14] http://ep2010.salzburgresearch.at/knoëledge_base/kpmg_2003.pdf

Opportunities created by KM for organisations and institutions success

Knowledge and information technology are key resources to organisation in today's global development dynamics. KM is not simply an initiative of information technology, but it has a leading role on practical implementation to KM. "Microsoft Corporation" established in 1975, is now spread in 135 worldwide. In this company believe in computer technology is directly linked with the trust to technology industry, to knowledge and its application to create an innovative technology that is achievable and suitable for each person[15]. "Microsoft Corporation' company is developing and producing very qualitative software's thanking to its experts. This way the company is adding not only a value to its brand but also to the life of people. The company is concentrated to the quality of skills and competencies of staff that create competitive advantages in the market.

In 1997 Davenport carried out a case study for KM at "Microsoft Corporation", by studying the implementation of project called SPUD (Skills Planning and Development). This project is carried out by the IT group of experts. The purpose of the project was to create an online profile of the competencies and skills for specific jobs and for employees of the Microsoft system. Bill Gates pointed out that there was a need for employees at Microsoft to master a new form of knowledge which could impose the development of competence by insisting on it in all competency job descriptions. For example such case was development of application based on web. The means by which needed innovations could be quickly identified and executed were critic for the business and industry of Microsoft (Davenport, 1997b).

Company "Philips" of Netherland known as fortress in KM with its 15000 researches was very successful with closed strategy of innovations. But, now they have open boundaries and work with their partners, as well as with research-science public and private institutions. At the campus of company is only one restaurant where the researches meet so that they not only exchange their ideas but they also floor the ways to carry out projects at foreign markets.

Prof. Henry Chesbrough at IEDC Bled School of Management (Slovenia) talking for his book *With Open Innovation to Success* emphasizes among other the importance of business model. IBM Company is discoverer of disk ant key parts of this industry. Professor Henry describes about the small company *Quantum*, was growing faster than IBM for some time even if the IBM had much bigger capacity, more money and much better brand. According to him, this victory of *Quantum* was not as consequence of technology but because of business model. IBM had better items but the majority of world could not purchase them. For *Quantum* Company this was an excellent possibility, as they allowed all computer producers to purchase their products and to compete with IBM.

In 1992 IBM Company employed a CEO from outside and then they had a big progress. At the top of their activities for value growth they created the most powerful innovative business model called IBM-global services. For the first time IBM communicates to clients that they may have computer mechanism, all software's and hardware's from companies worldwide. The entire word would be managed by company itself and today more than half of incomes of IBM are getting in from this business model.

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[15] www.microsoft.com/

KM programs help on creation and utilisation of collective experience in organisation, than to absorb and distribute explicit knowledge. KM enables effective utilisation of the potencial of knowledge that organisation possess. A very good example to illustrate this is The Centre for Research and Development at WIT –Waterford Institute of Technology[16], where 50 % of academic staff is included actively on research work.[17] Key factors for growth of post graduated students is increase of number of students who are financed by the research project (50%) and the percentage of those who will continue with PhD studies (80%).[18]

At WIT is identified the Key Excellence Centre 'Eco-Innovation' for new products, services and processes to support the sustainable development for industries and other fields, supported by centres for research, development and innovation.[19] They have very close cooperation with business community among others to identify the fields of interest.

"Hewlett Packard" Company is known in the field of innovative innovations. Initially they have started their work in one garage, but today the company is competitive worldwide in the field of computers, peripheral equipment, electronic and medical equipments. This company is known for its relaxing culture while in the program of profit share take part all employees.

From the point of managing knowledge, leaders of HP have a range of working meetings through which people who manage knowledge would show their experience to colleagues. Bruce Karny who is part of unit for organising of education of corporation evaluates that for more than 2000 trainers distributed through Hewlet Packard who are mainly working in the small teams is not easy to carry out share of knowledge. There is also created Centres of Innovation in order to exchange ideas with their consumers, for what Schneider[20] believes that except internal experts HP has knowledge sources from outside as well. According to Davenport (1996), Schneider wants to involve the participants of working meetings in the KM network which in the best manner shares together the experience and exchange knowledge.

Challenges for implementation of knowledge management programs

Elias M. Award and Hassan M. Ghaziri[21] classified the main challenges for implementation of KM programs. The biggest challenge is the understanding of KM as well as the way in which KM may contribute on improvement of corporate environment. KM program should be included in the culture of corporate to encourage the cooperation and trust between employees. Next to effectivity and productivity, real profit from cooperation is innovation. In fact the essentiality of KM is creation of innovation.

Next challenge is assessment of knowledge that exists in company. KM should allow gathering and receiving of information, saving, elaboration and distribution of knowledge to the company as well as to document decision taking processes. Another challenge is the inclusion of employees in the concept of KM. Main problems presented in the KM are as a result of ignoring personal and cultural issues and problems. At environment where

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[16] Dr. Michael Whelan, *Emerging Role of Higher Education in Economic Development*

[17] Research & Knowledge Transfer Strategy (2007-2010) WIT, Ireland, (www.wit.ie)

[18] Research & Knowledge Transfer Strategy (2007-2010), WIT, pg. 10, (www.wit.ie)

[19] Graham, Brian and Thomas, Ken, *Managing Knowledge within the Leading Irish Construction Organizations: Current Practices and future directions;* CIB W102 3rd International Conference on Information and Knowledge Management, Stuttgart, 2008

[20] Joe Schneider, member of ISST -Information Systems Services and Technology

[21] E.M.,Award, H.M. Ghaziri, Knowledge management, Pearson Education International, Prentice Hall, 2004

individual knowledge is evaluated and granted, it is important to increase the culture that recognises tacit knowledge and encourages employees to share it.

Employees need to be motivated to participate in the process of KM. Hence should be created stimulation programs for motivation of employees to participate in KM process and to feel they are important part of company's success. It is also a good effort to ensure more work flow by updating and modifying regularly the process of KM, because the value of knowledge through time reduces.

Any company needs to have sources of information continuously. It is not knowledge any type of information, therefore KM will deal with finding and identification of valuable knowledge at the sea of existing information from observation to internet surf. Companies need to have skilful and professional staff to lead with KM programs. In some companies they have particular staff leaded by Chief executive knowledge officer or any other type of director of this type.

CONCLUSIONS

This study aims to prove that world economies uphold on knowledge the bases of their development. Application of KM programs in organisations and institutions help them to face with many challenges by ensuring dynamism and competition for them in market. The future of Km stands exactly at the concept of management which comes in expression through good organisation of the creation potential of people and information technology as well. This enables them to be distinguishable and makes opportunities that challenges and risks of modern business environment as well as unexpected challenges to transform to chances for successful business for modern companies and modern institutions.

In Kosovo knowledge is still little evaluated. It is necessity to have more coherent access and better structured way for knowledge and its management. Kosovo has huge need for human capital and the knowledge of people who are educated abroad. Program "Brain Gain" has almost shown no results by date. Human Resource Departments at organisations must create induce programs for motivation of employees and should link them to KM programs. Management of knowledge is big challenge for Kosovo as in most public institutions it is not evaluated knowledge properly. Instead of these criteria there are evaluated family links, political party and savour links. All this damages hardly an effort to apply knowledge into strategic development of country.

KM starts with practical implementation of strategic plan for development of country by investing in the proper manner to prepare people for processes and technology challenges, in order to absorb their concepts and application of knowledge. This strategy can be done only by elite institutions of knowledge and science. Government and Kosovo Parliament but especially the Ministry of Education, Science and Technology have national obligation to support elite institutions of science to establish a particular panel-National Science Council for KM. This council then would compile the strategic framework for KM and preservation of intellectual capital. XXI century considered the century of knowledge.

RECOMMENDATIONS

➢ Institutions and organisations that respect capital called knowledge, to foresee funds for inducement of employees that show skills and particular knowledge in their development strategy. It would create conditions for their specialisation in order to absorb science achievements as well as increase of salaries and other grants.

➢ To establish National Council of Science for KM. The task of the council would be compilation of strategy for development, cultivation, keeping and the capital called 'knowledge' and its proper application in development processes.

➢ Political interference damages the normal development of knowledge sources, hence such processes of society must be left to respective science and research institutions.

➢ National Council of Science for KM helps also on improvement of KM application into leading organisations, starting from science institutions of higher education up to Government structures.

➢ It is important to create a joint interaction program between public institutions and private institutions, together with business community and other stakeholders.

➢ Development of training model for KM with participation of organisations and institutions with the purpose to aware them on importance of knowledge and its management and cultivation for creation of competitive advantages

➢ National Council of Science to establish particular units for the fields of development for management and knowledge, whose role would firstly to bring experiences and knowledge from known world institutions through conferences and science forum. Their role would extend to education of new generations that means the future of our country development.

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