



## **Chapter XVIII**

# **Knowledge Management in Indian Companies: Benchmarking the Pharmaceutical Industry**

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## **ABSTRACT**

*In this chapter we look at knowledge management in India with particular regard to the pharmaceutical industry. In India, changes in government policy linked to global factors are bringing about increased pressures to strategically manage knowledge effectively. At the same time, significant knowledge management initiatives are already underway in other industry sectors. We outline some of the changes affecting the pharmaceutical industry globally, and consider India on some relevant activities. The development of IT solutions is seen as enabling effective knowledge management. We look at a range of knowledge management technologies and their existing or planned use in industry. The IT however merely underpins the knowledge management philosophy, which must be incorporated into processes, strategies and organisational culture for successful adoption. India and its indigenous organisations may be characterised by some specific cultural factors. Effective implementation of KM will*

*depend on a conducive cultural climate, both organisationally and nationally. We also therefore examine the extent of the perceived benefits, that shape the cultural shift from understanding knowledge management as simply an IT problem to recognition of knowledge management as a strategic process as seen by CEOs and top managers in indigenous Indian Fortune 100 companies. We look at how the pharmaceutical industry compares to other organizations of significant size in India across a range of factors concerned with knowledge management activity, using survey and interview techniques. We conclude that while only a few significant sectoral differences are evident, there is generally a heavy orientation towards IT-based conceptions of KM, which may be incompatible with the requirements for future success in the pharmaceutical industry globally.*

## INTRODUCTION

In this chapter we consider knowledge management initiatives with particular regard to the example of the Indian pharmaceutical industry. This industry exemplifies a knowledge-intensive industry area with an uncertain future due to a required change in practices in the context of international developments. Regulatory compliance, new knowledge creation, patent application and protection, sharing knowledge in partnerships and alliances, and widespread and timely access to information are all indicated areas of knowledge-based activity. The management of these processes entails their embedding into cultural and organisational practice, and this moderates the effectiveness of knowledge management tools. Many organisations face analogous issues of implementing KM strategies, despite sectoral differences, and we contextualise the Indian pharmaceutical industry both in its Indian and in its industry context. Lessons learned by benchmarking it in these contexts allow insights applicable to other healthcare industries. The chapter is organised as follows: first we review the global state of play in KM in large industries, concentrating on their strategic directions in KM, and highlight some issues applicable in specific countries and industries of concern here. Then we examine the particular industry environment surrounding pharmaceuticals, with particular reference to those factors applicable in India and noting the general importance of R+D. We then consider aspects of the Indian culture, at national and organisational levels, which distinguish it from competitor nations but which also potentially impact on the success of KM strategies. Finally we survey how KM is currently being undertaken in major Indian companies and especially compare pharmaceutical companies against other major organisations in relation to their knowledge management capabilities and strategic choices.

### Knowledge Management and Industry

Knowledge management (KM) remains a central issue for large organisations. Having moved beyond being seen as a short-term fad, it is now widely recognised as critical to the success of knowledge-intensive industries, such as pharmaceuticals. Such industries, where the key organisational resource is knowledge, and which are often characterised by a focus on innovation and high research and development activity, are seen as taking on increased importance in the future economy (OECD, 1999). This has

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