Chapter 7
Leveraging Knowledge Management for Value Creation in Service-Oriented Organisations of Namibia

Isaac Okoth Randa
Namibia University of Science and Technology, Namibia

ABSTRACT

Firms create value as a basis for their sustainability in two ways: physical transformation of inputs into high value outputs or arbitrage. This involves either cross-place arbitrage which is trade or cross-time arbitrage which is speculation. Modern economies driven by globalisation and fierce competition in which competitiveness is no longer determined by the possession of scarce capital and abundance of cheap labour but the utilisation of knowledge asset which improves with usage. In that context, knowledge-intensive services organisations stand to thrive and prosper testimony of the structural shifts in the sectoral contributions to GDP of many countries. Through conceptual analysis of documents, articles and reports, this paper suggests that emerging economies with abundant highly educated and skilled manpower coupled with natural resources endowment can leverage knowledge management as a core competency to catapult their services industry. This goal requires an understanding of critical success factors that drive successful organisational knowledge management strategies.

INTRODUCTION

Globally there have been marked policy interests in the services economy. This trend is the result of countries becoming more service-oriented and coupled with the realisation that the services sector's contributions to gross domestic product and employment have been growing steadily. Services are heterogeneous economic activities that are not directly associated with the manufacture of goods, mining or agriculture. Acharya (2006), argues that services are economic activities that involve the provision of human value in the form of labour, advice, managerial skill, training, entertainment, sale and distribution

DOI: 10.4018/978-1-5225-3009-1.ch007

of goods, intermediation as well as dissemination of information. A distinctive feature of services provision is their intensive use of information and communication technology (ICT) and related knowledge-based resources. Services are broadly classified into two categories, business sector and non-business sector services. Business sector services include trade, hotels and restaurant, transport and storage, post and telecommunications, financial intermediaries, real-estate, renting and related business activities. While non-business sector services include public administration and defence, compulsory security services, education, health and social work, other community, social and personal services.

The advent of bundling of services with products for example Software and computers have resulted in the explosive growth in computer-based technology. This trend is visible in major product-services nexus where the purchase of a product is accompanied with a service level expectation (OECD, 2000). As a result outsourcing as a business strategy has seen phenomenon growth as new companies emerge with core competencies in specialised services to better position themselves in their industries. In this context, Knowledge-intensive business (KIBS) services have become crucial in the creation and commercialisation of new products, services and processes be they technological or managerial (Kuusisto & Meyer, 2002). KIBS are firms that mainly supply knowledge-intensive goods and services for other business firms for example Accounting, IT and other consulting firms. Further the emergence of internet and electronic commerce has also become major sources of industrial revolution and business competitiveness in ways that were earlier unthinkable. Besides, the general international lowering of barriers to trade in services is also a major source of services industry competitiveness as companies become global players.

Services however differ from other types of economic activities in a number of ways. A number of these services cannot be inventoried as such must be consumed at the point of production (OECD, 2000). This would include trips to the doctor, enjoying a meal at a restaurant, or attending a concert. These features contrast manufactured products with services, manufactured products are tangible; a feature that allows them to be stored, distributed and consumed without coming into direct contact with the entity that produced the good. Recent technological developments have, however, narrowed these differences that seemed to separate services and other economic activities. While it is still agreeable that we have not reached the point where someone can enjoy the ambience of a good restaurant without physically going to one, information and communication technology (ICT) is enabling people to participate in an increasing number of service-related activities in real or deferred time, without ideally having to be present physically. Technology has removed the access barrier and opened a whole new sphere of competition in the services industry. For some services, technology has acted as intermediary between the providers and consumers in areas that were previously unthinkable, for example healthcare, where the need for personal contact to diagnose and treat ailments has become less essential. The other areas include Internet banking, real estate agency, retail and financial services which provide yet other examples where personal, or onsite, contact with service providers is no longer essential for the services to be performed. In many instances such services are becoming accessible far more efficiently through the Internet or through other remote communication modes. Similarly another hallmark feature of services is the relatively high emphasis placed on intellectual capital, or intangibles in the production like patents, trademarks, copyrights, goodwill and brands etc. While historically such assets have presented difficulty to measurements and valuation, they hold the key to value creation for services organisations (OECD, 2000).

The emergence of the strong services sector is attributed to the rapid deployment of the knowledge economy principles in the production processes and services based on knowledge-intensive activities.