

# Chapter 34

## Governance of Knowledge Management

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### INTRODUCTION

Despite the more than 25 years since Nonaka wrote the Knowledge Creating Company in the Harvard Business Review (1991) there are still many barriers to implementation of knowledge management (KM) strategies. These include a lack of time and financial resources allocated to sharing knowledge, a lack of organizational understanding of the philosophy and the benefits of KM, a lack of skills in KM and difficulties in effectively establishing a return on investment

(RIO) in KM. However both case studies and survey data show that greatest acknowledged obstacle to the implementation of a KM strategy is the management culture of the organization (Alavi & Leidner, 1999; DeTienne, Dyer, Hoopes, & Harris, 2004; H. Lee & Choi, 2003; McAdam & Reid, 2001; Murray, 1998; Ruzzier, Sohal, Katna, & Zyngier, 2008). These obstacles reveal a problem in the implementation of an organizational KM strategy. The problem lies not in the implementation of a given strategy per se, but in the lack of governance of that strategy.

The governance process is a framework of authority that ensures the delivery of anticipated or predicted benefits of a service or process (Farrar, 2001). The operationalization of that strategy and is therefore executed in an authorized and regulated manner. Governance mechanisms must be

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invoked to guide both the initial implementation and the ongoing control and authority over of KM strategies. A governance framework will provide management of risk, review mechanisms and fiscal accountability in leveraging tacit knowledge and sharing explicit knowledge within an organization. Knowledge is therefore not a series of artefacts to be managed, but rather this article identifies the processes of management that are subject to governance. KM governance centres the decision-making authority as an executive framework to deliver the expected benefits of the strategy and for these benefits to be delivered in a controlled manner. This is achieved by the establishment of checks and balances in the implementation of the strategy. It ensures that evaluation measures feed back that enables deliberate adjustment of the delivery of the strategy and ensures that needs and expectations are being met. If the needs and expectations of the organization cannot be met then the governance process should then be able to establish and manage the cause.

The first part of this article discusses KM strategy development and shows the origins of KM governance in the concept of the practice of governance principles and practices. The second part will discuss the central issues in KM governance being authority, evaluation, measurement and risk management. The third part of this article suggests a structure or model for KM governance through case study and recent survey research confirmatory research and explains its operationalization in those contexts.

## **BACKGROUND**

### **The Role of Leadership**

Executive management leads and establishes the culture and consequent ability of an organization to capture, share, and manage its knowledge. In the past leaders in organizations were empowered to order changes and then all that was required of the

organization was to implement the plan (Bridges & Mitchell, 2000). The culture of an organization is developed by the structure, by the attitude and example of management. Krogh, Ichijo, and Nonaka, (2000) describe how effective management and support of knowledge creation depends on the physical, virtual and emotional context in which it is manifest. Where there is a strong commitment at the level of executive management to change organizational culture an organization is able to begin to create the values that lead to knowledge sharing across boundaries (O'Dell & Leavitt, 2004). Generally, interpretations of knowledge management leadership (Davenport, Wilson, & Prusak, 2003; Kulkarni, Ravindran, & Freeze, 2006; 2007; Tiwana, 2002) endow the leader with the responsibility to direct, to conduct or to guide functions in the implementation of such a strategy.

The terms knowledge champion, leader or sponsor are used interchangeably in the knowledge management literature. The terms variously indicate a person who initiates a KM strategy, or one who supports and promotes the initiation of such a strategy. Therefore the person or persons responsible for the implementation of a KM strategy may have the sole responsibility for the development and implementation of a KM strategy. This cannot ensure buy-in from the organization as a whole. These risks are revealed as found in Australian and international surveys that have disclosed some of the obstacles to KM strategies (DeTienne et al., 2004; Hackett, 2000; Holsapple & Joshi, 2000; H. Lee & Choi, 2003; K. C. Lee, Lee, & Kang, 2005; Ruzzier et al., 2008; Zack, McKeen, & Singh, 2006; Zyngier, 2001).

### **KM Strategy Development**

KM literature describes many approaches to the development of a strategy or a plan to be implemented as a means of achieving organizational objectives of sharing tacit and explicit knowledge within the organization. Strategies are usually grounded in a theoretical methodology that will

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