

## Chapter 3.20

# Developing a Corporate Memory as a Competitive Advantage in the ICT Sector

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### ABSTRACT

This chapter focuses on the challenges of developing a knowledge management platform to support organizational memory and knowledge transfer. The study is based on a qualitative study in the ICT sector. First, the chapter discusses the development of the KM platform. Second, the benefits, and a competitive advantage of such a platform, are discussed. Finally, the conclusions are made, based on the case study.

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### INTRODUCTION

Increased value of knowledge, technological complexity, global competition, and the availability of Internet and other emerging, digital technologies are key drivers in this change from information society to knowledge society (Castells, 1996). Managing the data, information, and knowledge within the organization, as well as using it to gain a sustainable competitive advantage, is a challenging task for both public and private sector organizations. Knowledge management essentially consists of tools, practices, and processes

to efficiently capture, store, and share data and knowledge of individuals within an organization.

The last decade has witnessed a growth of information generated within organizations due to the increase use of technology and Web. During the 1990s, a concept of knowledge management (See, e.g., Davenport, 2001; Möller and Svahn, 2006; Nonaka & Takeuchi, 1995, Nonaka, Toyama, & Konno, 2001; Teece, 2000) emerged, and both the public and private sector researchers accepted it in the information technology and management literature. Sharing, transferring, and storing organizational knowledge has stressed the idea of further developing a data warehouse to support organizational learning and knowledge management within the organization. Exploiting the information and knowledge within data warehouses is one method to attain industry-leading performance (Juntunen, 2008; Matusik & Hill, 1998; Törmänen, 2003) and competitive advantage in markets. Organizations that develop and leverage knowledge resources achieve success more likely than organizations that are more dependent on tangible resources (Autio, Sapienza, & Almeida, 2000; Teece, 2000; Yli-Renko, Autio, & Tontti, 2002). This knowledge is embedded and carried through multiple entities, including organizational culture and identity, policies, routines, documents, systems, and employees. Moreover, the life cycles of technologies, products, and platforms are getting shorter, placing greater pressure on the speed of response and strategic renewal of the organization. The intangible resources drive value, and innovations are crucial for any firm to create a sustainable competitive advantage in markets.

This study is based on the knowledge-based view of the firm, and also the resource-based view of the firm theories. Originating from the strategic management literature, the knowledge-based view of the firm perspective builds upon and extends the resource-based view of the firm (RBV) initially sponsored by Penrose (1959) and later expanded by others (Barney, 1991; Conner, 1991; Wernerfelt, 1984). Although the latter theory

recognizes the important role of knowledge in firms that gain a competitive advantage, supporters of the knowledge-based view claim that the resource-based perspective does not go far enough. Particularly, the RBV treats knowledge as a generic resource, rather than having unique characteristics. Consequently, it does not distinguish between different categories of knowledge-based capabilities. Information technologies can play a significant role in the knowledge-based development in the organization in that information systems can be used to synthesize, enhance, and speed up large-scale intra- and interorganizational knowledge management efforts (Alavi & Leidner, 2001) and knowledge repositories.

Also, the spirit of the knowledge-based view must be understood to understand the value of knowledge to the organization that operates in dynamically changing environment like the ICT sector is. The increasing importance of innovations, rapid product development in the ICT sector has made the understanding of organizational knowledge creation and innovative organizational transformations a critical issue in an organization. Therefore, knowledge management is not a narrow information technology (IT) related function within an organization, but rather an integration of strategic management, learning, R&D, use of different technologies, human capital, and business management. From this perspective, knowledge creation and management in an organization is not mainly a problem of product development, but rather a question of mastering the renewal and information transfer within all hierarchic levels of an organization and between different communities of practice, a continuous organizational development process, and a way to rapidly capitalize innovations. An organization with valuable, rare, inimitable, and nonsubstitutable resources can generate a sustainable competitive advantage over its rivals, thus resulting in better financial performance (See e.g., Barney, 1991; Conner, 1991; Hatch & Dyer, 2004; Wernerfelt, 1984).

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