

Chapter 4.20

Knowledge Management and Entrepreneurship Cases in India

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EXECUTIVE SUMMARY

Entrepreneurs in general, do contribute to the development of national economies. We need their innovation and risk-taking to create wealth, generate employment and fuel the economy. Hence, knowledge management – both soft and hard is crucial. The benefits of great entrepreneurial venture using the most advanced technology can be nullified by poor knowledge management practices. It is knowledge and management that is the link between success and growth. The key objective of this chapter is to explain different perspectives on what is meant by the Knowledge Management (KM) in relation to entrepreneurship through two cases from India. It is essential that research and policy development fully take into account the differing perspectives of entrepre-

neurship and knowledge as no single definition fully captures the concepts, nor their underlying assumptions. The chapter focuses on understanding KM as a tool for developing competitive edge and identifies areas of KM application for entrepreneurship success.

INTRODUCTION

As commercial organizations face up to modern pressures to downsize and outsource they have lost knowledge as people leave and take with them what they know. This knowledge is increasingly being recognized as an important resource and organizations are now taking steps to manage it. In addition, as the pressures for globalization increase, collaboration and co-operation are becoming more distributed and international. Knowledge sharing in a distributed international

DOI: 10.4018/978-1-60960-783-8.ch4.20

environment is becoming an essential part of Knowledge Management (KM). In this chapter I make a distinction between hard and soft knowledge within an organization and argue that much of what is called KM deals with hard knowledge and emphasizes capture-codify-store. This is a major weakness of the current approach to KM. Therefore, new systems are required that not only locate, capture, store, share and leverage data and information, but also knowledge that too soft knowledge.

The chapter focuses on understanding KM as a tool for developing competitive edge and tries to identify areas of KM application for entrepreneurship success. Knowledge that supports the decision making process is an obvious vital resource; however, knowledge has often suffered from under management in the past. It is only in recent years that knowledge has been taken more seriously.

The structure of the chapter is as follows: the first part gives the theoretical backdrop like what is knowledge, relationship of data, information and knowledge, soft and hard knowledge, emergence of entrepreneurial economy and strategy for KM. The second part of the chapter would comprise of understanding the unique challenges faced by the entrepreneurs during the adoption of KM, the switch over, the impact on the working of enterprises. For this part the methodology adopted is as below.

BACKGROUND

What is Knowledge?

According to Webster's Dictionary, knowledge is "the fact or condition of knowing something with familiarity gained through experience or association". In practice, though, there are many possible, equally plausible definitions of knowledge. A frequently used definition of knowledge is "the ideas or understandings which an entity

possesses that are used to take effective action to achieve the entity's goal(s). This knowledge is specific to the entity which created it."

An understanding of knowledge requires some grasp of its relationship to information. In everyday language, it has long been the practice to distinguish between information—data arranged in meaningful patterns—and knowledge—which has historically been regarded as something that is believed, that is true (for pragmatic knowledge, that works) and that is reliable.

In recent times, theoretical objections to the concept of truth (e.g. by post-modernists) or to that of reliability (e.g. by positivists) have led to some blurring of the distinction. The interchangeable use of information and knowledge can be confusing if it is not made clear that knowledge is being used in a new and unusual sense, and can seem unscrupulous insofar as the intent is to attach the prestige of (true) knowledge to mere information. It also tends to obscure the fact that while it can be extremely easy and quick to transfer information from one place to another, knowledge is sticky: it is often very difficult and slow to transfer knowledge from person to another. (C.f. the World Bank's 1998 World Development Report on Knowledge for Development which begins with the false assertion that knowledge travels at the speed of light.) In assessing attempts to define knowledge it can be helpful to remember that the human mind has often been seen as capable of two kinds of knowledge—the rational and the intuitive.

In the West, intuitive knowledge has often been devalued in favor of rational scientific knowledge, and the rise of science has even led to claims that intuitive knowledge is not really knowledge at all. However, recognition of the difficulties inherent in transferring knowledge from one person to another has tended to highlight the importance of tacit knowledge e.g. notably in the writings of Polanyi (1975), and Nonaka and Takeuchi (1995). In an effort to distinguish knowledge from mere information, some Western analysts (Karl Erik

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