Knowledge Management for NFP: It's about People First and Foremost

Author
Hume, Margaret, Phd student, Craig Hume, Sullivan Mort, Gillian

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Knowledge Management for NFP: Establishing a Research Agenda

Dr. Margee Hume, Craig Hume (PhD candidate) – Nathan Campus
Associate Professor Gillian Sullivan Mort, Gold Coast Campus
Griffith Business School, Department of Marketing, Griffith University, Nathan

Introduction

Claims that Knowledge Management (KM) is fundamental to the effective performance of organisations and that it is increasingly critical to business performance are widespread in the KM literature (Hall, 2003; Binney, 2000; Senge, 1990, 1994). KM practices and “the bottom line” financial performance of an organisation have been found to be strongly correlated (Binney, 2000; Senge, 1990, 1994) positioning this field as a valuable area of academic research. However, researchers and practitioners are yet to explore the inter-relationships of internal operations, KM, internal marketing (IM), employee satisfaction and overall client/customer satisfaction as a collective value chain. The purpose of this paper is to explore the current KM literature in the context of not-for-profits (NFPs) and to identify issues for consideration in a future research agenda in the NFP and services context. This approach to the conceptualisation of KM and internal marketing in NFPs is founded in a services marketing perspective. The paper proceeds with an examination of a critical set of KM lessons experienced in the introductory phase of knowledge capture and diffusion in a for-profit context and proposes a set of issues worth considering for future research in the non-profit sector.

The context of KM success

A number of “KM success stories” (Accenture, Xerox, Boeing, 3M, Buckman Labs, Dow Chemical, Chevron, DaimlerChrysler, General Electric) are widely referenced/published and discussed (Hall, 2003, Riege, 2005). They share a number of common characteristics (Hall, 2003) each of which is largely deficient or absent in NFP organisations:

- Private sector, multi-national or national organisations with significant existing process and system integration
- Predominance of “professional” staff who understand the benefits of knowledge practices dominate the operational and managerial levels;
- Investment economies of scale;
- Mature performance management systems in place to support KM practices;
- Relative proficiency and maturity in implementing organisational change;
- Transformational leadership; and/or
- A high degree of IT sophistication, usage and system application.

NFP organisations on the other hand, more often operate locally and specifically to their mission, with limited resources and financial constraints or in the case of the government sector, strict protocols of decision-making governance. Further to this, small NFP charities and associations often have poor economies of scale, lack of funding for information technology solutions and lack of focus on internal marketing programs to promote knowledge contribution and diffusion. Consequently, this augurs to positioning the development of KM practices as a low priority in the strategies for survival. Further, human resource practices in NFP are complex with a mix of volunteer, long-term and tenured staff neither understanding, nor embracing the practice of creating, storing and disseminating knowledge. Moreover, it is well documented that strong leadership and an organisational culture supportive of change assist successful KM programs. This however is often absent and difficult to practice.
in the rigid governance structures and standard operational practices of the non-profit and government sectors.

Changing government policy, differing political platforms and changing organisational structures in response to evolving client demands all further contribute to the difficulty faced in the Australian NFP sector to focus investments and resources on KM and IM practices as opposed to managing the day to day service delivery operations.

Despite the popularly promoted success stories in the private sector and the acknowledgement of the common characteristics already mentioned, academic research into the formula/methodology for modelling of those successful KM characteristics into enterprises such as public sector utilities and nonprofits organisations are rudimentary. Irrespective of this, there is no doubt that KM advocates would suggest that NFPs would benefit from the implementation and practice of some forms of knowledge capture and management to support the critical service delivery needs.

Regardless of all the criticisms of organisational practice in NFPs, the over-riding fact is that the competitive forces prevalent in many of Australia’s non-profit sector (for commercial and government funding/sponsorship and philanthropic donations) have forced all non-profit organisations to adopt more “commercial” business models and practices (Hume Sullivan Mort, Liesch and Winzar, 2006). KM to support often decentralised operations (due to Australia’s large land mass and State-based territorial boundaries) is one such “commercial” practice that is being increasingly investigated and piloted by government and commercial enterprises.

Most research in the KM area has been driven by management and information technology researchers focusing predominately on learning styles, business models and process & enterprise wide IT system integration for real time information (Binney, 2000). A search of the extant literature on KM and NFPs located one seminal paper specific to “Knowledge in a Nonprofit Context” (Lettieri, Borga and Savolelli, 2004) and one paper on building a strategic information system in NFPs (Martinsons and Hosely, 1993). There are several supporting papers focused on KM and this current available literature can be categorised into a number of areas, first, What is knowledge and learning through KM? (Tsai and Chang, 2005; Murray and Carter, 2005); second, managing human resource conflict and change (Treleaven and Sykes, 2005) while capturing knowledge and finally; knowledge technology and costs (Vestal, 2005). These supporting papers emerge from an information technology focus with the research from a NFP marketing domain being very limited (Salapante and Aram, 2003).

Research consideration 1: Contextual variables specific to a non-profit context must be identified and research conducted to ensure the applicability and generalisabilty of KM research to this setting. Researchers have highlighted the importance of establishing specific context variables in order to conduct rigorous research (Hume, Sullivan Mort, Liesch and Winzar, 2006).

Different Types of KM

With greater focus on KM in business research, many different varieties of KM have appeared and been functionally defined. In fact many different KM designs exist, to assist organisations in most appropriately developing a strategy tailored to their needs. Binney (2000) broadly categorised these as Transactional, Analytical, Asset Management, Process, Developmental and Innovation. Each category broadly reflects
a core source and focus of support. This level of definition and understanding is often difficult to grasp in KM cases and can be simply re-defined as “Must Have to Operate” and “Nice to Have To Operate”. After rigorous examination and testing, the “Must Have” category has been significantly reduced and focused on knowledge gathering efforts and enabling some “quick wins” which are important internal marketing milestones (Choy, 2005). Achieving these “quick wins” is seen as critical to generating stakeholder trust and commitment for the KM momentum/renewal. More broadly, it is critical to focus on what could be delivered to meet immediate operating needs rather than speculating on delivering a complete solution that supports all functional roles across the organisation. This incremental focus is also conceived to be the best approach in a change resistant or first-adopter organisation. The anecdotal evidence on KM failure supports this avoidance of “big bang” implementations. In the case of NFPs, an incremental approach may be the most appropriate KM strategy to pursue.

Research consideration 2: Incremental application and focusing on knowledge gathering efforts enabling some simple “quick wins” is conceived to be the best approach in a change resistant organisation and first – adopter such as NFPs.

Cultural factors are important
Irrespective of the type of KM implemented, many cultural factors are proposed that contribute to both KM successes and failures. This paper considers the more popular of these and applies them to the NFP sector. Consistent with the literature, cultural factors at multiple levels emerged at THE biggest barrier to getting engagement and support for KM strategy and activities. Similar to Chua and Lam (2005), the cultural issues could be categorised into three levels: personal, group and organisational.

In particular, the “chemistry” of all three categories is indeed complex and significant, primarily the underlying “personal” issues of employees within the enterprise. Using Maslow’s hierarchy of needs (Maslow, 1965), the issue of “safety” was the primary thrust of all KM communication/change management activities. Appealing to this most basic of human needs served as an indisputable and common platform from which future behaviours and processes in the creation of the knowledge system would be modelled. Applying cultural factors to non-profit firms’ issues such as the underlying “donor agendas” and philanthropic objectives of non-profit employees, the groups they represent and the individual workers all combine to create this complexity. More recently, employee salaries, position status and administrative costs of managing funds have been plagued by media coverage and scrutiny creating an added level of sensitivity with organisational and group cultures in these organizations (Otis, 1993). These socio and organisational cultural factors create barriers to the capture of knowledge and diffusion of knowledge.

Research consideration 3: The cultural factors of NFPs, in particular philanthropic organizational objectives, will influence the adoption and creation of KM systems. They need to be thoroughly examined and understood prior to adopting any KM initiatives.

Need for a “KM Roadmap”
For first time adopters of many “new” management approaches such as KM, seeing, touching, experimenting with and understanding the end-to-end process/lifecycle is a critical element in the adoption process. Nonaka & Takeuchi’s (1995) matrix of knowledge types provides the most practical illustration of the KM “roadmap” or implementation plan. This pioneering model outlines a process of “organisational knowledge creation” depicting it as a spiral in which knowledge is “amplified”
through the four modes of knowledge; Socialisation, Internalisation, Externalisation and Combination. It also illustrates how knowledge becomes “crystallised” within the organisation at higher levels moving from individuals through the group/s to organisational levels. For organisations where knowledge, particularly tacit, technical knowledge, is often the basis of job status and position, the expectation/request to document it and willingly divulge it to potentially hundreds of “anonymous” other staff members possibly on public IT network directories/Intranets is met with significant passive and active resistance. As a result, a more non-threatening and personalised approach, as espoused by Nonaka and Takeuchi (1995), is recommended in which the identified knowledge creators are initially “socialised” with designated personnel, both known Subject Matter Experts (SMEs) and their associates, to share experiences and interpretations within their “home” territory. This process proved to offer some successful outcomes but takes some time in which to build critically needed trust between the parties/stakeholders. Over time and with persistence, the knowledge creators, SMEs, gain the confidence to continue to provide and feed the knowledge collection process. This “obligation/commitment” internalisation phase is seen as critical to maintaining momentum and renewal of the KM program and building a quality KM knowledgebase (Ballantyne, 2000). Most importantly, the focus on the people- in the socialisation phase and creating forums, events, activities in which to foster engagement and dialogue is paramount. There is a significant time and money investment required to undertake this phase, as it often requires more than one attempt to open the channels of communication. Applying this knowledge capture and development/maturity process to non-profits would suggest that the socialisation approach would be the most appropriate in the initial adoption phases. However easy the process of socialisation in KM may seem, it is often fraught with difficulties. Knowing who and where the Subject Matter Experts (SMEs) exist in large dispersed government departments or small decentralised volunteer charity networks and then getting them together with a “knowledge stimulating” agenda/context are but some of these milestones of implementation. This should not be underestimated as an initial task and can involve a significant amount of investigation.

Research Consideration 4: For an early adopter of KM, socialisation approaches would be the most appropriate roadmap for NFPs to capture and diffuse knowledge.

Leadership

Following on from cultural issues and socialisation approaches the leadership style and governance issues within the organisations represent another popular milestone in KM implementation. Research evidence in KM suggests that combinations of many leadership styles (transformational, transactional, and charismatic for example) are required for KM competence (Hill 2003). In driving, sustaining and supporting KM practices, evidence strongly support this claim (Choy, 2005). However, this paper would extend the leadership paradigm to include not just the executive levels of the organisation but also the functional and middle-management levels. Using a military style analogy, command needs to occur from top to bottom with all levels clearly understanding the objective/s and key implementation tasks, particularly communication. Further, there is a need for “champions” at every level to motivate, reaffirm and most importantly, model “best practice” behaviours when the going gets tough, confused or tedious. Information often requires many collections and refining processes before it can be presented as knowledge and each step requires internal support strategies. Finding, recruiting or conscripting KM “champions” in a first-time adopting organisation is a major challenge. Champions had to be conscripted from higher-performers as the distinctive operational culture of “us and them” resulted in limited volunteering. It would appear that an action-learning based approach
delivered the required behaviours that is required for first-time adopters. It is evident that this would also apply in the NFP sector.

However, as there would be limited specific knowledge for contemporary business practices other that that of the NFP's philanthropic cause, KM champions in NFPs would probably need to be recruited, undergo significant education, mentoring and management to drive KM practices.

**Research Consideration 5:** As specific KM understanding is limited in the NFP sector, KM champions would be required to drive the program.

**Performance Management**
Closely linked to the need for leadership for modelling behaviours and culture is the need for clear and sustained performance management around KM objectives. Performance management in NFP and government sectors however does not have the same influence and impact as private sector organisations where annual salaries, work opportunities, tenure and promotions are directly linked. That being recognised, it is still important to highlight required behaviours and outcomes and recognise contributing good behaviours/performances to key stakeholders who use, help support and fund KM activities at every opportunity. These indicators, encompassed as part of the formal status-reporting regime, go a long way to recognising and modelling behaviours. Being “mentioned in despatches” (internal marketing communications) carries significant influence in the competition for promotions and ultimately salary increases in the public sector.

**Research Consideration 6:** Performance management programs will need to focus on factors that embrace the KM programs and are accepted by NFP employees, many of whom are volunteers. Typical performance motivators may not apply in the NFP sectors recommending a thorough understanding of key motivators for the success of KM creating and implementation

**Leverage Existing Intranet Technology**
KM represents a major change program in any enterprise. Introducing complex, new IT applications as the KM supply/distribution channel is too complex in the first time adopter paradigm. That being said, IT still represents a key discipline in developing more rigorous business practice for NFP as previously suggested. People and process must take priority over IT and are fundamental to KM and IM implementation. Any technology implementation should align with the level of KM people, process and culture maturity firstly. That being recognised, organisational Intranets are well recognised, accepted and used as organisational communications channels (albeit one way usually) and provide a relatively sophisticated KM channel for early adopters. Knowledge portal’s push style functionality for knowledge distribution can be mimicked via “What’s New”, “Hot Topics” hyperlinks on the Intranet front pages. Similarly, pull style functionality can be supported via simple an email –suggestions link. In the NFP industry, technology is often limited as scarce resources are used for other more obvious functions. Technology is often seen as a luxury (Hume et al, 2006). It may then be found in the NFP sector that there is limited technology with which to leverage KM applications.

**Research Consideration 7:** Leveraging current technology could be difficult as some NFP are yet to embrace IT and may not have the financial resources nor basic IT infrastructure to leverage a KM strategy. In the case of the government sector, KM solutions maybe constrained by funding and accountability considerations.
Interest in KM has been attributed to the identification of the “learning organisation” in the seminal work of Senge (1990). From this led the need to systematise and manage the knowledge generated through the learning of the organization. Much of the extant KM literature (Binney, 2000) tends however to be focused on business models, enterprise-wide IT application and process integration. The early literature tended to be “overly optimistic” and strongly implied that KM is a given outcome following implementation of information technology as a standard business function, rather than a benefit achieved from sustained organisational investment and development (Binney, 2000). It has become clearer that the term “KM” is now being applied to the broad spectrum of activities involved in KM, although there is still no widespread agreement on what actually constitutes KM (Haggie & Kingston 2003). Moreover, much of the current literature assumes that KM is a well-accepted, widely practiced business strategy in the new millennium. While a number of generic methodologies and helpful tactical tips are available both in the academic and industry-based media (Davenport and Prusak, 2000) it can be argued that these have been limited to specific applications, and there is a need for overall conceptual framework that can be empirically applied and tested. An overall conceptual framework is beyond the scope of this paper. Here we presented research considerations for the establishment of a KM research agenda for NFPs. So where does one start when the awareness, capability and maturity of KM are very low? Moreover, where does one start when working with an enterprise that has significant resistance to change and has critical tacit knowledge dispersed over many functional level employees over a large regional areas (typical of Australian government departments) or rests in the minds of a small number of employees who are reluctant to participate (small NFPs) and are volunteers with limited stake or does not know where knowledge lies at all?

By using current literature and practice this paper provides a “beginner’s guide” to implementing a KM strategy in non-profit organisations afflicted with some or all of these issues. This paper raises several research issues for consideration paying particular attention to the application and research of KM in NFPs and the role of KM in the value chain of the NFP organisation. This paper has specifically raised the following issues for NFP in early stage of KM adoption: first, research in a NFP context; second, adopting an incremental approach to KM; third, developing an understanding of HR performance strategies and cultural factors specific to NFP; fourth, considering leadership styles and the use of internal KM "champions", and finally, the unlikelihood of sufficient IT capability in NFPs to leverage against. This paper forms the foundation of conceptualisation directed towards establishing a research agenda in KM for NFPs.

References


