A CRITICAL REVIEW ON THE EFFECT OF KNOWLEDGE MANAGEMENT ON THE ORGANIZATION PERFORMANCE

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ABSTRACT

This critical review paper highlights the significance of Knowledge Management on Individual Competency in organisation. Various techniques have been used to describe the relationship between these two variables, together with their comprehensive elaborations. From the previous studies, there are still argument on the of assimilation between Individual Competency and Knowledge Management in this particular area of management individual behaviour but these two variables share several important characteristics in common. However, a model has been developed and established using the current model of knowledge creation to study the relationship between Knowledge Management and Individual Competency. In the model, the role and functions of individual and organisation are emphasised to highlight Individual Competency, which subsequently reproduces organisational outcomes within the framework of Knowledge Management. This paper highlight the review of Knowledge Management on Individual Competency in organisation. As a result, an enriched knowledge processing is produced, alongside with increased Individual Competency. In other words, through Knowledge Management, the number of outstanding individuals in an organisation can be something that is predictable hence contributes towards the development of individual's performance in many perspective such as psychology, education, politics, management theory and human resource management.

Keywords: *Individual Competency, Knowledge Management, Knowledge Management Practises,*

1.0 INTRODUCTION

Knowledge Management is acknowledged for its positive influence especially in terms of development of an esteemed organisation. According to (Masa'deh et al., 2016), the participation incompetent knowledge is an advantage for achieving success. In line with the important focus to analyse its implications on individual's level of competency in different areas within an organisation because (Abbasi et al, 2015; Alenezi et al, 2015) mentioned that a great number of employees were fired as a result of reducing their numbers and consequently, most of the needed knowledge was not available in the organizations. One thing that needs to be taken into account in order to ensure that benefits are gained from these two variables is to identify and analyse the ways these two variables interact. The two variables are knowledge management and individual competency. It is also important to simplify their definition, scope, and the best way to integrate them to enhance individuals' professional practices. According to (Nonaka, 1994) individuals are the prime movers of knowledge creation at a collective level. Individual Competency and Knowledge Management were developed as concepts in management behaviour reaction to an ongoing problem that constantly occurs in the context of human resource management, which is the failure for not being able to deliver quality outcomes at work. This situation happens due to several reasons, for example:

(i) Lacking in compulsory skills to complete a particular task;
(ii) Having insufficient amount of knowledge; and
(iii) Do not exercise the suitable or right behaviour in performing roles effectively at work.

There are many definitions and descriptions coined and written by different scholars from various fields over decades, and one of the significant contributions of the concept of knowledge management is creating a space for entrepreneurs, academicians, and industry practitioners to sit together to discuss and cooperate about any issues that they perceive interesting. Furthermore, knowledge management has often be referred as a multidiscipline approach that guides

organisations to achieve their objectives by restoring large-scale data and information. Hence, from the point of view of information technology, knowledge management can be defined as a process that manages a knowledge and individuals' expertise in the following manner dimension,namely: (i) Creation; (ii) Capture; (iii) Sharing access; and (iv) Application of knowledge.

2.0 INDIVIDUAL COMPETENCY

The philosophical and epistemological contexts of knowledge have been discussed and argued since the time of Plato and Socrates. Takeuchi (2001) wrote in his research that ideas and knowledge acquired by individuals can be spread, shared, and discussed with the whole members of organisation. In this case, individual competency is an important aspect to be evaluated because human behaviour largely influences the level of excellence of every individual. The aspect of competency has experienced significant growth and as a result, this concept is now widely incorporated in the field of management. Table 1 below illustrates five different perspectives of Individual Competency as identified by different authors.

Table 1: Different Perspectives of Individual Competency

Perspective	**Definition**
Psychology	Define the measurement of a person's ability and whether the person's performance represents underlying traits or capabilities (Sternberg and Kolligian, 1990).
Management Theory	Define how organisation reaches its goals through individual performance (Burgoyne, 1993).
Human Resource Management	For the purpose of implementing strategic direction as a technical tool for recruitment, placement, training, assessment, promotion, reward, and personnel planning (Burgoyne, 1993).
Education	Related to work preparation and professional recognition in comparison with other teachers in the same field (Bowden and Maters, 1993).
Politics	Particularly in the UK and Australia, it is used as a means of improving the efficiency of the labour market (Burgoyne, 1993).

3.0 MANAGING KNOWLEDGE AT INDIVIDUAL LEVEL

This research investigates the various practices by which individuals enrich their knowledge and experience, and the elements that impact these practices and their level of knowledge. Researchers also investigate the various individual and task characteristics, together with the characteristics of the communities of practice they interact with that enable these practices. Figure 1 and Figure 2 show that the focus of knowledge in this research is the individual's knowledge, which is defined as the conceptual content of the individual's mind or as a state of mind (Alavi and Leidner, 2001). (Nonaka and Takeuchi, 1995) proposed two dimensions in the creation of organisational knowledge namely epistemological and ontological. In epistemological dimension, two types of knowledge, explicit and tacit, are carefully distinguished. Explicit knowledge consists of words, numbers, formulas, and codes. It is clear, precise, can simply be shared, and contains less/no hidden or in-depth meaning. In contrast, tacit knowledge is subjective, intuitive, contains inexplicable meaning in nature and therefore, difficult to be shared with others. For the ontological dimension, this part begins at the individual level, extends to the group level, and finally at the organisational level. In the creation of organisational knowledge, the point of integration of explicit and tacit knowledge at the individual level is where dynamism exists. The recognition that knowledge is an organisational asset that provides members of organisation with competitive edge calls for the importance of collective efforts to manage the knowledge towards sustaining competitive advantage. However, there is no general agreement as to how knowledge itself is to be conceptualised and managed. Knowledge has been viewed by researchers as a process and in various conceptualisations. Several other variations exist based on these themes of how knowledge is to be conceptualised by (Polanyi 1962, 1967, 1975) as illustrated in Figure 2. All these different ways of conceptualising knowledge will have different implications on what it means to manage knowledge within the organization.

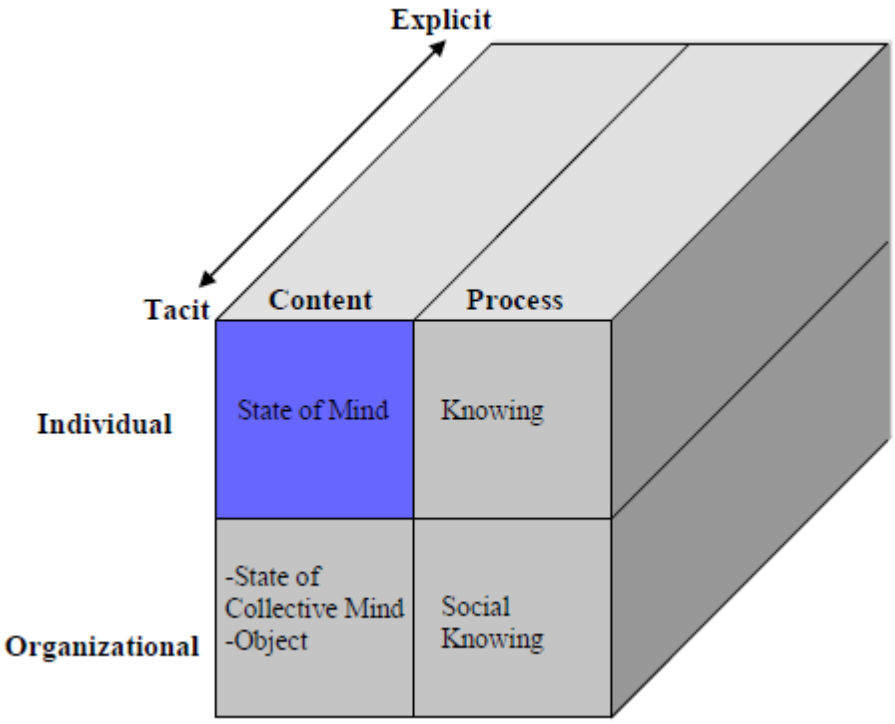

Figure 1: Relationships between Major themes characterizing knowledge

4.0 INCREASE IN PERFORMANCE VIA KNOWLEDGE MANAGEMENT AND INDIVIDUAL COMPETENCY

(Strebler et al. 1997) described competency in two ways. First, competency is described as a behaviour that are favourable upon individuals and secondly, competency is expressed as a minimum standard of performance and others describe competency in a similar manner as follows:

4.1 Observable Performance or the output of a learning process (Boam and Sparrow, 1992; Bowden and Masters, 1993). In this situation, the focus is given on the tasks to be completed by the employees and it measures how competent they are at work. New employees are provided with a clear and measurable performance standard so that evaluators can observe and assess them.

4.2 The quality or standard of a person's performance (Rutherford, 1995). The term 'standard' itself has various meanings as depicted in the following scenarios.

a) ***Minimal acceptable level of performance:*** A manager requires his secretary to be able to receive, type, or record messages. He defines the secretary as competent on the basis of how fast can the secretary deliver her job.

b) ***Managing changes and differences:*** A manager is setting up a team of individuals with different skills rather than depending on an individual expert to do a specific job. Competency standard in regard to the performance of individuals and teams is written and observed throughout different projects. In the case of multinational companies for example, with reference to a standardised work performance encompassing all employees, a company may have several branches around the world but certain standards for certain products with certain features must be maintained.

4.3 A person's attributes (Boyatzis, 1982; McClelland, 1973; Sternberg and Kolligian, 1990) such as their knowledge, skills, or abilities. (McClelland, 1973) elaborated that competency is personal characteristics leading to a higher level of performance. He described aptitude as a natural talent and susceptible to improvement. Competency can be achieved if a person practices the right or suitable knowledge in performing a task. Unlike other definitions where the level of competency is measured based on the employee output, defining competency as an input or learning process is also important towards producing a highly

competent employee. By recognising individual knowledge, skill, and ability, a learning input can be provided to cover those areas where an individual is seen as weak hence unable to perform excellent job.

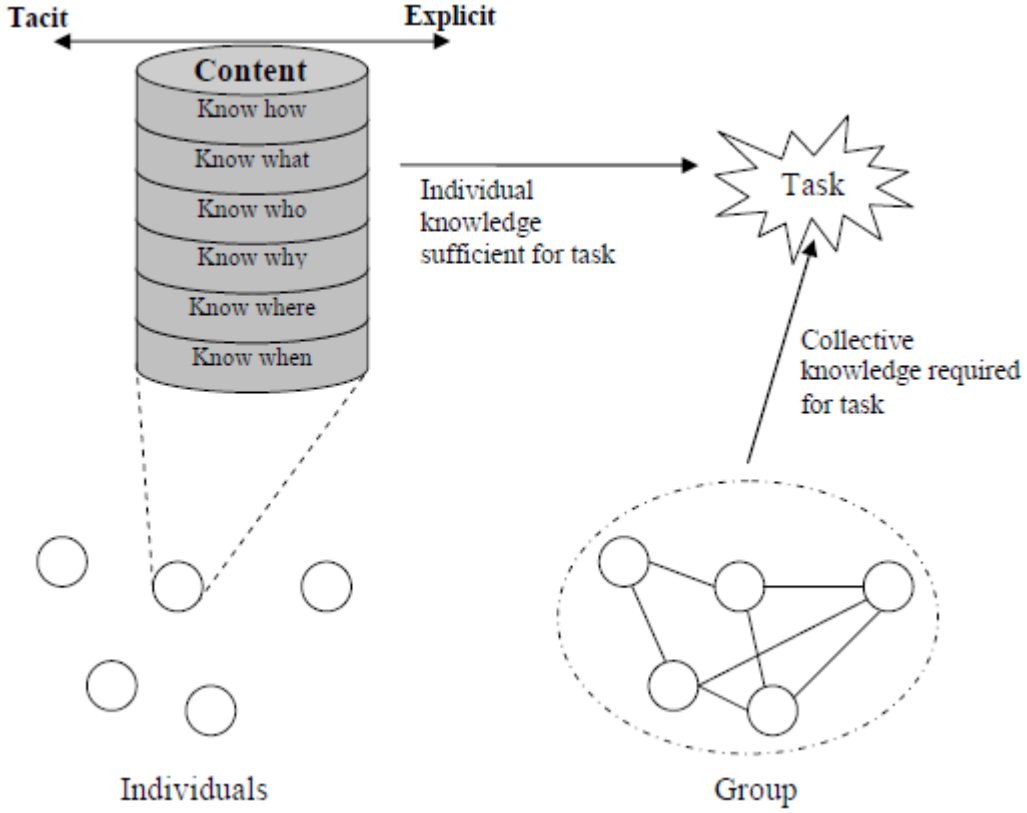

Figure 2: Conceptualization of individual and collective knowledge

Knowledge agents, whether they are individual, group, or organisational unit, engage in various processes in dealing with knowledge and information received.
This research conceptualises these processes as

(i) knowledge creation,
(ii) sharing of knowledge with other entities,
(iii) capturing information in different forms and processes,
(iv) accessing knowledge from other entities, and
(v) applying knowledge for organisational tasks.

All these are depicted in Table 2. Individuals reflect their understanding when creating new knowledge and apply their creativity to create originality in production. Further, knowledge creation happens during brainstorming session to generate interesting ideas and solve new issues or problems not known in the past (Madjar, Oldham, and Pratt, 2002; Miner, Bassoff, and Moorman, 2001; Vorbeck and Finke, 2001). Knowledge agents will develop different forms of knowledge into tangible and intangible forms that can be stored in database or embedded in organisational routines.

Table 2 : Description of item Knowledge Management Practises

Item of Knowledge Management Practice	**Description**
Knowledge Creation	The extent to which individuals engage in activities that create new knowledge.
Knowledge Capture	The extent to which individuals engage in activities that capture their knowledge.
Knowledge Sharing	The extent to which individuals engage in activities that enable them to share their knowledge with others.
Knowledge Access	The extent to which individuals engage in activities that enable them to access information needed.

Knowledge Application	The extent to which individuals engage in activities by which they apply their knowledge to accomplish their work. It is the process of realising the value of one's knowledge.

Having individuals with the right knowledge together with effective management of that knowledge should be able to motivate employees towards realising good values from the activities at work. This will be reflected in terms of the quality of organisational outcomes (Hult, 2003). Human innovation and creativity are two aspects that greatly allow individuals to solve new problems and generate values, which in turn helps their team and organisation to become effective in serving the clients. (Grover and Davenport, 2001; Hurley and Hult, 1998; Janz and Prasarnphanich, 2003; Sabherwal and Becerra- Fernandez, 2003).

5.0 CONCLUSION

This paper presents the importance and optimal use of two concepts namely competency and knowledge. Relevant future studies in this area relate to measuring individual competency within an organisation. There are many factors affecting different levels of individual learning and performance that are beyond individual traits. For instance, the nature and effects of individuals' internal environment. In this case, working environment may bring positive or negative impacts upon the standard of individual performance. In this paper, we highlighted the suggestion for the future research about many elements should be considered when measuring individual performance or competency level and the factors affecting these two variables. One of the ways that can be used to measure individual competency is to measure the individual performance against organisational standard. It is important to engage in this particular process to guarantee that the organisational performance is in compliance with its plans and strategies. By measuring individual performance, employers can clearly identify areas that employees are competent in, besides detecting the areas that employees are weaker at. As a result, managers will have the option of either to draw upon the strengths of the employees and develop necessary skills appropriately, or alternatively, they may choose to provide well-targeted and relevant training related to specific weak areas in an attempt to improve the employees' performance.

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