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Review Article

Managing Knowledge during Strategic Change in Businesses and Higher Learning Institutions: A Focus on Strategic Knowledge Management Model Based On Risk Monitoring and Control

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Abstract

Knowledge generation, retention, and development in any business fraternity are considered to be the heartbeat that drives the blood-flow and future existence of organizations' business strategies. Strategic knowledge management and organizational learning in business is the basis of innovation and achievement of competitive advantage since it provides a picture and a driveway for firms to intuitively perceive the impending external and internal challenges that might come their way. Moreover, as such, the existence of knowledge in an organization is more dependent upon the reliability of its internal source and the process it is managed. The exposure derived from the experience attained through operational activities and the objectives achieved is the basic resource for knowledge creation in businesses and higher learning institutions.

Keywords: Knowledge Management; Strategy; Strategic Change; Risk Monitoring and Control

Introduction

Organizational learning can never exist without establishing the required expert knowledge on how to learn it, implement, manage and achieve positive results out of it. The invention of knowledge for strategic management cannot begin at the same time and with everyone. It usually begins with an individual either from the top management like a director or a worker operating the single machine and once the knowledge is invented, it must be assessed, sharable and managed as a corporate resource though it might not be strategically managed similarly as that of physical assets due to its intangible nature. 'Inventing new knowledge is not a specialized activity everyone is a knowledge worker' [1]. Being intangible, knowledge can be properly managed through organizational learning, practical implementation and attaining results out of it.

Theoretical Background

Several scholars on knowledge management have attempted to shed more light on the generation, application, transfer and retention of Knowledge Management (**KM**) but none has linked it to its various risk exposure and control in the application process. According to [2], knowledge application is an important process to aid the development of competitive advantage. Being a source for competitive advantage in businesses and higher learning Institutions, KM has been considered has essential business life pump to provide strategic growth [3].

Knowledge is created and transferred within a firm and its retention hankers on application [2]. Individuals and teams participate in the creation process and implementation [4]).

Knowledge Management (**KM**) is finally structured and stored as an asset.

Strategic Knowledge Development

The strategic development framework of any organization requires knowledge as a resource to formulate and integrate information systems that will enable it to achieve objectives and assist in evaluating performance controls. According to [5], it was found out that 'before plans can lead to actual performance, top management must ensure that the corporation is appropriately organized, programs are adequately staffed and activities are being directed toward achieving desired objectives.' A strategy is defined as a 'pattern or plan that integrates an organization's major goals, policies, and action sequences into a cohesive whole' [6]. A strategy that is solid and well-grounded helps an organization to plan and allocate its resources into a distinctive and clear benchmark hankered on its comparative internal challenges and competencies, predicted shifts in the environment, and liable fluctuations by intelligent rivals. According to [7], knowledge management (**KM**) is the 'identification, growth and effective application of an organization's critical knowledge.'

By definition, knowledge is 'information embedded in routines and processes which enable action'. It is a mind-set of initiatives presenting the human power of faculty and help to *'identify, interpret and internalize'*. Knowledge is an important aspect of strategic development. It is the basis where information in any organization is derived from and its proper usage leads to corporate success in terms of productivity, efficiency, operational effectiveness and profitability. **Strategic Knowledge Management** (**SKM**) is here defined as the total combination of all notable information about corporate initiatives, activities and processes that organizations use to systematically coordinate all policies and align resources and actions with strategies throughout their business life. The activities enable workers to transform ideas into a system that provides strategic performance feedback to decision making and enable the individuals' initiatives to evolve and grow as requirements and as other circumstances change.

The use of knowledge in strategic development is an important will power that drives business operations and helps to create sustainable competitive advantage, clear objectives and frameworks in firms and higher learning institutions and it provides an advantage for expert initiatives to be fully inculcated in the minds of all departmental leaders to improve performance, efficiency and productivity. The expert knowledge about the business strategy can be triggered if the distinction is well analysed and defined between information and skills. Information is the refined knowledge for what is to be done while skills are a refined knowledge on how best to do what is to be done. Operations strategy according to [8] involves 'setting broad policies and plans for using the resources (such as knowledge) of a firm and must be integrated with corporate strategy.'

Managing Knowledge in Strategic Corporate Change

Corporate change is not an easy exercise to undertake because of the factors that are involved concerning the internal and external environment of a business. The factors can be ethical and non-ethical but the impact can be determined by the type of knowledge applied by leaders of an organization to effect change. Explained the change as 'the process of bringing any new, problem-solving idea into use and the generation, acceptance, and implementation of these ideas, processes, products, or services.'

Types of change and some factors involved

Change based on long-term (five years or more) strategic objectives: Most of the corporate or institutional changes under this type are externally triggered because the factors are external and usually tend to affect even the mission, vision, policies and values of organizations. Changes under this category may be induced as a result of a highly regarded perception of activities and initiatives of competitors by customers (e.g., private and public universities' attraction force (initiatives) in terms of students enrolments), changes in foreign trading terms and conditions (domestic currency fluctuations), emerging technologies (The use of online learning platforms and other learning media due to Covid-19 physical restrictions), mergers and acquisitions, new government policies concerning business operations (Intermittent closures of higher learning institutions and companies as a result of a pandemic or financial crisis or riots), changes in customers 'tastes and so on. Usually, many organizations have limited hands to control the changes especially those coming from external factors but it is important for them to reliably create, preserve and source for more knowledge to aid them in strategic change control and management. This is workable by establishing strategic risk monitoring and control systems beforehand. There should be a collaborative system of knowledge to examine the impact and implication of changes and evaluate the situation so that more informed decisions are made.

Change based on short-term (within five years) strategic objectives: This is a change derived from internal influences or sometimes from external ones with limited effects in the end. It is reactive because there is a force to respond to a situation. The change initiatives are introduced and applied based on the expert knowledge to control the situation or respond to internal challenges such as the cost of relocating a library near students' hostels to increase students' study period due to their low pass rates, innovations in products and service design (e.g. Developing new bridging curriculum such as short course materials to respond to unforeseen learning and tutorial delivery challenges), employee low performance and high turnover, unskilled labour and demand for training and research.

Integration of knowledge in corporate change strategies

There was an emphasis on knowledge integration and management in the model done by…where it was summarized that change comprises three stages, namely, Unfreezing existing behaviour, shifting to new behaviour and refreezing new behaviour. The first stage '*unfreezing*' considers the motivation factors of employees after a change is introduced. The second one is essentially an application of new changes. The third stage 'refreezing new behaviour' is concerned with knowledge management through organizational learning and exhibiting capabilities. A change normally depends on the quality of initiatives and behaviour of recipients to accept it and according to development was stated as 'a long-range effort to improve an organization's problem-solving and renewal process…through a more effective and collaborative and diagnosis and management organizational culture…with the assistant of a consultant-facilitator and the use of theory and technology of applied behavioural science, including action research.' In difficult situations, there are strategies for inducing change and these are based on some fundamental principles [8] such as '(*empirical-rational*)'- where there is an assumption that stakeholders will embrace changes when they discover that the knowledge they possess correspond well to a change, '(*Normative-re educative*)' -where change is gradually brought about by replacing old norms with new norms of knowledge through the process of re-educating stakeholders and finally the '(*Power-coercive*)' -where management exercise the power of authority to force change and threaten to sanction against non-compliance.

Managing strategic knowledge during the resistance to change

When there are corporate change, restructuring or innovations in any section of an organization challenges manifest that hinder the process of change and eventually competitive advantage. The difficulty in mobilizing staff or human resource is a barrier if changes are related to the workforce because there will be more costs to be incurred in training new personnel's skills and responsibilities and assessing employees' credibility.

Organizational culture, values, beliefs and attitudes must be studied well and evaluated to come up with knowledge strategies to aid in the change process. Knowledge in this sense must be a competitive and valuable asset to ensure concrete changes and support in the new processes, products and services, customer focus and satisfaction as well as synchronizing information technology (IT) with company goals. Managers should ensure that any relationship gap between them and employees is avoided as it might bring strong resistance to change and affect productivity, competitive advantage and future operations. Departmental support and strong teamwork is the basis for knowledge retention and management. In a situation where failure exists in a change process, managers should work to remove relationship gaps by providing a platform in form of routine meetings where participants will help strategize on how to generate knowledge and impart tacit knowledge in others to develop solid ideas to achieve sustainable competitive advantage and objectives.

The sustainability of corporate knowledge depends more on how it was generated. That is, whether for a short term or a long-term period. If an organization built its knowledge in the system structure, for example in Management Information Systems (**MIS**), the focus will be to ensure adequate and consistent improvement of information in MIS to suit the prevailing competitive environment. If the source knowledge originated from employees, the attention should be to retain them by motivating them through salary increments, promotions and engaging them in company-sponsored and specialized training.

Strategic Knowledge Management and Risk Model (Figure 1)

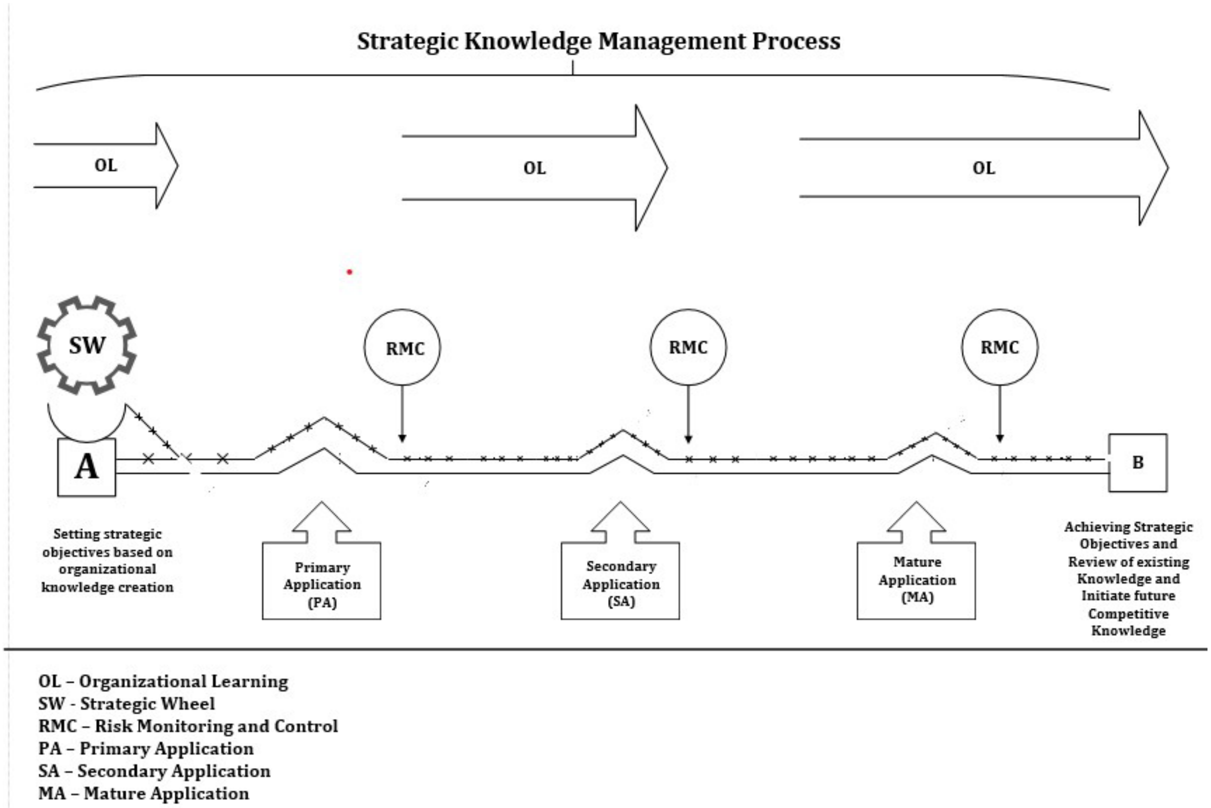

Figure 1: The Strategic Knowledge Management and Risk Model (**SKM-RM**).

This model attempts to provide a systematic and realistic overview of the Strategic Knowledge Management and Risk process. The focus is on both the knowledge initiators and Strategic managers who lead the entire process of Strategic Knowledge Management in the organization. The Model is based on the application of Knowledge Management Strategies formulated and their relationship to the Risk Monitoring and Control Profile of an organization. The model helps to determine the measurement of risk effects in the Strategic Wheel (**SW**) path whether the application stages of Knowledge (i.e. Primary Application, Secondary Application and Mature Application) are achieving the targeted results.

Organizational Learning (OL): Organizational learning is an ongoing process at any stage of application as the model depicts. In addition, as such, organizations are required to apply one set of knowledge after another to maintain the track in reaching the objectives. Many organizations seem not to reach their strategic objectives because they lose sight of embracing organizational Learning in their operational process.

Strategic Wheel (SW): The Strategic Wheel incorporates reliable, defined and achievable set objectives of an organization including the Knowledge created to sustain the strategic goals. [9] defined strategy as an 'integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage.' The Strategic Wheel (**SW**) moves from point A (Setting of Strategic objectives based on competitive organizations' Knowledge created) to point B (Achieving Strategic Objectives and review of existing Knowledge and initiate future competitive Knowledge).

Risk Monitoring and Control (RMC): When an organization dives into the pool of Strategic Knowledge Management process, it is evident that several risks related to the process itself manifest and usually bring about operational risk effects that tend to drag the Strategic Wheel (**SW**) to be moving slowly or stagnant. The risks derived from the effects may include: lack of well-defined and clear application of knowledge and low competence level of strategic managers and employees, lack of implementation intelligence, inadequate communication among stakeholders, high employer and employee relationship gaps (organizational politics, attitude and culture), budget deficits, managers' bureaucratic approach in disseminating strategic knowledge information and lack of focus in redefining it as [10] viewed that redefining strategic focus means 'identifying the businesses in the portfolio that have the best long-term profit and growth prospects, and concentrating investment there'.

Risk Monitoring and Control (**RMC**) involves; observing the effects or changes in the strategic knowledge flow after each stage of knowledge application as well as assessing the importance of effects on the Strategic Knowledge Management (**SKM**) process to determine application period, measurement and control. According to [9], assessing is 'to determine the timing and significance of the effects of the environmental changes and trends on the strategic management of the firm'. Organizations should review their risk profiles (i.e. the set of risk identification, set of qualitative risk analysis, set of quantitative risk assessments and set of risk response planning) at each level of strategic Knowledge application before conducting the Risk Monitoring and Control (**RMC**). This exercise enables the smooth movement of the Strategic Wheel (**SW**) throughout the process of achieving strategic objectives.

Primary Application (PA): The first step in the primary application of strategic Knowledge is to align it with the overall organization's objectives, structures and controls. At this point, the full set of knowledge is appreciated by all participants within an organization and are capable and ready to actualize it in the business activities. This may include understanding strategic structure and operational systems control in various functional areas. [11] Pointed out that 'strategic planning in participative organizations that rely primarily on judgment to make key decisions is generally a beleaguered function.' After practical implementation in the primary sense, an organization keeps on learning and sharing initiated and competitive knowledge in the process to build on new ideas and capture any drawbacks or factors limiting strategic knowledge flow.

Secondary Application (SA): The secondary application of strategic knowledge involves; formulating critical strategic performance, growth and evaluation framework combining original initiated knowledge and how it relates to organizational actual performance. Strategic knowledge performance outlines performance assessment designs, methods of assessments and responses to strategic knowledge performance results. Depending on the outcome, additional knowledge is gathered either from within an organization or outsourcing from knowledge experts to facilitate strategic knowledge performance, implementation and control.

Mature Application (MA): At this level, strategic knowledge is maturely implemented. Strategic managers apply the knowledge by maintaining the core business competencies and competitive advantage in the environment, refining the knowledge resource and responding positively to any external forces to reach the strategic targets. [10] Considered maturity strategy as 'focusing on defending the company's position and maximizing returns in what is often a relatively stable industry environment.' Mature application (**MA**) is more focused on external shocks that potentially affect the existing strategic Knowledge and the method to address them unlike Secondary Application (**SA**), which is more of internal nature in the corporate performance process.

Knowledge Application Timing

The time frame that an organization sets to achieve its strategic objectives and its size determines the strategic knowledge management period. It is not appropriate for organizations to manage Knowledge that is outside their target points (**TP**). Organizations that implement strategic knowledge without considering related time frame normally land into decision failure and ultimately business free falling. (Figure 2) below shows an estimated time frame of five years in which an organization is determined to achieve its objectives and the time suggested to implement Primary Application (**PA**), Secondary Application (**SA**) and Mature Application (**MA**). Implementation of Strategic Knowledge (**PA**) should begin at the birth of strategy setting and grow into (**SA**) before business maturity (**MA**) is applied in readiness to achieve desired results. Risk Monitoring and Control **RMC**) should always follow each successful application.

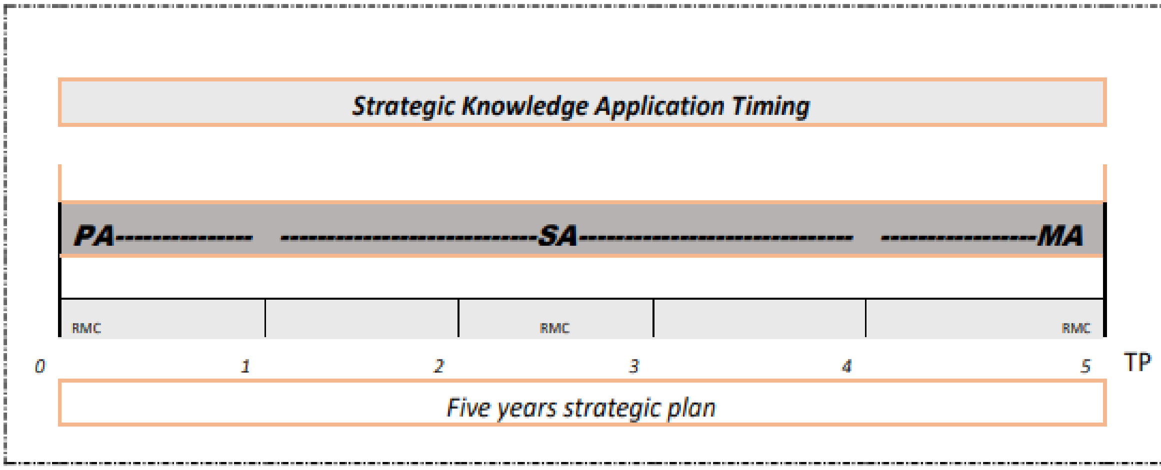

Figure 2: Strategic Knowledge Application Timing in Five Years Plan.

Strategic Knowledge Management (SKM) and Risk Model Parameters

Organisations need to incorporate Strategic Knowledge Management (**SKM**) systems in their structures to remain focused and grow their businesses. The study involved a theoretical model proposition and the suggested knowledge application timing within the objectives target period that is not empirically authenticated. However, future research will conduct empirical testing of this model (**SKM-RM**) to determine its validity and bearing on organizational management, performance, risk control and objectives. The study did not include already covered spheres of Knowledge management such as the type of Knowledge (i.e. Tacit and Explicit), The method it is created, stored, organized, shared and communicated in an organization [12,13].

Conclusion

The use of knowledge in strategic development and management is an important exercise that pushes business operations and helps to create a sustainable competitive advantage [2]. Clear objectives and strategic knowledge frameworks in organizations enable expert initiatives to be fully imbued in the minds of all stakeholders to improve performance and productivity. Strategic Knowledge management is not the work of an individual or a manager, it is a collective responsibility of every employee and effort must be applied to maintain its existence regardless of the costs involved. Being intangible asset in nature, knowledge and organizational learning must be given more attention as it is a focal point for organizations to develop business strategies and achieve the objectives. A further recommendation, development and future findings on this paper will be appreciated.

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