CHAPTER ONE

INTRODUCTION

1.1.Backgroundof the study

The desire of every management of mostorganizations is to maximize profits and shareholders' wealth. Sound knowledgemanagement and strategic plans to have an edge over competitors in the industryis a demonstration of such desires. The future of strategic management largelylies on how best an organization can create and management knowledge andinformation (Drucker, 1993). In particular, from a strategic standpoint, andespecially from the directive management perspective, it is collective tacitknowledge (Nonaka and Takeuchi, 1995) which contributes the greatest value tothe organisation, given its inimitable, nontransferable and immutablecharacter. This tacit knowledge, derived from learning and communications, canbe transformed into explicit knowledge. This reference to directive managementcompels us to define more explicitly the essence of this function.

Inensuring organizational competitiveness which in turn leads to profitability,knowledge management has to be given due priority. Healthy competition is anessential competitiveness for growth and development of any firm ororganization. Knowledge management is simply the process of capturing,developing, sharing, and effectively using organizationalknowledge. It refers to amulti-disciplinary approach to achieving organizational objectives by makingthe best use of knowledge (Wikipedia)

Knowledgemanagement efforts have a long history, to include on-the-job discussions,formal apprenticeship, discussion forums, corporate libraries,professional training and mentoring programs. With increased use ofcomputers in the second half of the 20th century,specific adaptations of technologies such as knowledgebases, expert systems, knowledge repositories, group decisionsupport systems, intranets, and computer-supported cooperativework have been introduced to further enhance such efforts.

In1999, the term personal knowledge management was introduced; itrefers to the management of knowledge at the individual level for theprofitability of a firm or organization. In the enterprise, early collectionsof case studies recognized the importance of knowledge management dimensions ofstrategy, process, and measurement. The operational origin of knowledge management originatedfrom the consulting community and from there the principles of knowledgemanagement were rather rapidly spread by the consulting organizations to otherdisciplines.

Perhaps the most central thrust inknowledge management is to capture and make available, so it can be used byothers in the organization, the information and knowledge that is in people'sheads as it were, and that has never been explicitly set down.

Many say that organizationalmanagement has little or nothing to do with the organizations favorablycompeting with their contemporaries. But whichever way we look at it, knowledgemanagement should be essential in the realization of profitability in theNigerian market.

Competencesdevelopment is an essential element for organizational performance, in whichorganization members' knowledge plays a direct and central role in acquisitionand organizational competence development (Andreadis, 2009). The globalbusiness environments today are imposing new competitive pressures oncompanies, which in turn creates the necessity for competences andcompetitiveness. Different studies have indicated that companies that correctlyleverage knowledge to extend competences tend to increase efficiencies inoperations and process innovation, while also improving service to clients tosatisfy demands that arise in the market (Desouza&Awazu, 2006;Thanurjan&Seneviratne, 2009), such that the extended organizationalcompetence depends on the management capability of companies and theimplementation of appropriate business strategies (Bismuth &Tojo, 2008; DeLong & Fahey, 2000; Roth, 2003).

Althoughmany approaches exist through which businesses can develop competences (throughmanufacturing, employees, technologies, clients, resources and processes), thechallenges imposed by changes in the business environment require continuousdevelopment of organizational competences (Ingelgard, Roth, Shani, &Styhre,2002; Kululanga, 2009), since competences constitute one of the pillars thatenable companies to be competitive (Escobar, 2005; Murray &Donegan, 2003),and it is crucial for competitiveness and organizational growth and development(Bismuth &Tojo, 2008; Dutta, 2007). Also, knowledge management theory hasindicated that knowledge transforms and moves within an organization and froman actionable knowledge value-added activities for the organization takes place(Ingelgard et al., 2002).

1.2. Statement of the general problem

Adequateknowledge management is companies and organizations has been neglectedespecially in Nigeria where knowledge generally is not placed at the frontburner of the society, this has led to the lack of consistent progress in termsof profitability in Nigeria. This has regrettably spilled over to the economywhich today has been a far cry from what it used to be in the 70’s and early80’s.

Investing in Knowledge is an expensiveventure most serious minded and business oriented organizations must invest in,if they are to strategically align themselves above competitors with substituteproducts/services (Winter, 2002). Creating, Designing, implementing andmanaging a robust knowledge system effectively in an organization is where mostmanagers find it difficult.

The aim of every KM system is to shareknowledge in the organization in the most effective manner and improvingperformance in the process. This aim is usually not achieved because of poorcommunication structures that exist in most public or government ownedorganizations in Nigeria (Orji, 2008). KM goes beyond mere training andretraining of staff to review of lessons learnt from each training. Everymember of the organization contributes to the organization by sharing knowledgeon a subject matter for strategic positioning of the organization. When thereis a cut in the communication flow, knowledge is not effectively shared.According to Orji (2008), an internship student can contribute immensely to anorganization by sharing his/her experiences in his/her previous job that couldstrategically align the organization in a vintage position.

1.3. Aims and objectives of the study

Thefollowing are the reasons for undertaking this study

Ø Toknow if organizations in Nigeria prioritize knowledge management.

Ø Toknow if there is a relationship between knowledge. management and profitabilityof organizations.

Ø Toproffer solutions on ways of improving knowledge management in Nigeria.

Ø Toadvice captains or industries and organizations in Nigeria on the benefits ofeffectively practicing knowledge management.

1.4.Researchquestions

1. Doorganizations practice effective knowledge management?
2. Isthere a relationship between knowledge management and the performance oforganizations?
3. Howcan knowledge management be adequately tapped to ensure economic development inNigeria.
4. Arethere challenges to adequate knowledge management in organizations in Nigeria?
5. Canknowledge management be improved upon for profitability?

1.5. Research hypotheses

H_0:knowledge management does not significantly influence organizationalcompetiveness or profitability

H_1:knowledge management significantly influence organizational competiveness orprofitability

H_0:there is a negative relationship between knowledge management andorganizational competitiveness

H_1:there is a positive relationship between knowledge management andorganizational competitiveness

1.6. Significance of the study

Thisstudy seeks to examine the extent to which knowledge management influencesorganizational competitiveness and by extension the economy. Anothersignificance of this study is to educate owners and directors of organizationson the benefits of adequate knowledge management on market competitiveness.

1.7. Scope of the study

Thisstudy is restricted to the impact of knowledge management on organizationalcompetitiveness, a case study of Philips consulting limited.

1.8.Limitationsof the study

Financial constraint- Insufficient fund tends to impede the efficiency of theresearcher in sourcing for the relevant materials, literature or informationand in the process of data collection (internet, questionnaire and interview).

Timeconstraint- Theresearcher will simultaneously engage in this study with other academic work.This consequently will cut down on the time devoted for the research work.

IMPACT OF KNOWLEDGE MANAGEMENT ON ORGANIZATIONAL COMPETITIVENESS (A CASE STUDY OF AFRIMEDIA TECHNOLOGY)