

Impact of Knowledge Management: As a Panacea for Business Growth in 21st Century

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Abstract

Knowledge management is a response to several trends. Some of them are already occurring which will have implication for developing human resources. This theoretical research is to examining the increasing use of computer especially microcomputers. The education which extends into the adult life. The proportion of knowledge workers will increase and the need for skill workers will decrease which may require more training in knowledge, competence and design skill. E-commerce has significance to the growth in Nigeria. It's fast and enhance privacy in the collection of data for business activities among organizations and consumers. E-commerce has significance to the growth in Nigeria. It fast and enhance privacy in the collection of data for business activities among organization and consumers.

Keyword: *Knowledge, Management, Skills, Effectiveness, MIS, E-commerce.*

Introduction

The typical business of the future will be knowledge base. Business today depends largely on intellectual property, which resides inalienably in the hearts and heads of individuals, Charles (1993). He was reflecting a growing awareness that companies had moved far from Victoria times, when, they were properties with tangible assets worked by hands whose time owner bought. They had become properties whose most valuable asset was intangible-the knowledge which exists in the heads and hearts of employees or informal data bases, patents, copyrights and so on.

Knowledge was seen as the key to the creation not only of business wealth but also of national wealth. In the British government's 1998 White Paper on the competitiveness of the nation, it said:

Our Success depends on how well we exploit our most valuable assets: our knowledge, skills and creativity. They are at the heart of a modern knowledge-driven economy.

Intellectual property rights had become more important than manufacturing products or dealings in commodities; Lester, (1997): Once Companies realized this they became aware of the need to find out how to manage that knowledge, how best to use it to create extra value.

Information technology helped in their efforts to introduce good knowledge-management practices. Developments in IT advanced the science immeasurably. Development in information technology greatly facilitate organizational control at a relatively low cost-information technology has promoted the development of MIS. The definition of the term management information system varies. This is aimed at gathering, integrating, comparing,

analyzing and dispersing information internal and external to the enterprise in a timely, effective, and efficient manner to support managers in performing their jobs. MIS has to be tailored to specific needs and many include routine information, such as monthly reports; information that points out exceptions, especially at critical points, and information necessary to predict the future.

Electronic equipment permits fast and economical processing of huge amounts of data. The computer can, with programming, process data toward logical conclusion, classify them, and make them readily available for use. As noted above, data do not become information until they are processed into a useable form that informs.

E-commerce for Privacy.

Technology and especially information technology (IT) has a pervasive impact on both organisations and individuals. The World Wide Web and the internet connects people and organisations through a global network. Electronic commerce is increasingly used for transactions between individuals and companies (B2C) as well as between businesses (B2B). e-commerce is merely an elision of electronic commerce, but it embodies a revolutionary idea: that electronic commerce is qualitatively different from ordinary time-worn commerce, that there is a paradigm shift in the way that business is concluded in the world of e-commerce. Doing business via the internet is not only much quicker and much cheaper than other methods, it is also through to overturn old rules about time, space and price. There is the much-vaunted death of distance; a customer 10,000miles away becomes as accessible as one around the corner.

Electronic commerce has grown rapidly online sales in the United State are reckoned to have grown by some 12% in 2011, to reach almost \$200 billion. The country's five largest online retailers are Amazon, Staples, Apple, Dell and Office Depot. Dell became a market leader in computers through early use of the internet to sell goods and services direct to consumers and to buy components from supplies.

Financial services offering over the internet have also sprouted like mushrooms although security issues have imposed some restraint on the industry. At Charles Schwab, an American retail brokerage firm, it took just three years for online dealing to account for more than half all its securities trading.

For banks, the economic logic of e-commerce is compelling. It has been estimated that a banking transaction over the telephone costs the bank half as much as the same transaction conducted over a counter in a traditional branch, and that an ATM transaction costs a quarter as much. But a banking transaction over the internet costs a mere 1% of an over-the-counter transaction at a branch.

E-commerce also allows unknown firms to establish new businesses cheaply and rapidly, and to compete with old-timers. This they do not only by cutting prices and offering wider choices, but also by allowing consumers to make real-time price comparisons and to switch rapidly (and frequently) to the cheapest provider. This control that consumers have over prices has led some analyst to predict that e-commerce can be best only ever be a low-margin business and at worst, a no-margin business.

“The future of e-commerce”, wrote the Economist in November 2011, “is chinese”.

It cited a report by the Boston Consulting Group that predicted by 2015 china will have over 250M online shoppers, each of them spending about \$1000 a year, roughly what America's 170M online purchases were spending in 2011.

The focus of attention on management information, coupled with its improved processing, has led to the reduction of long-known limitation managers have recognized for years that traditional accounting information, aimed at the calculation of profits, has been of limited value for control.

Objectives

The paper seeks to discuss the nature and purpose of management. To understand that management as applies to all kinds of organizational levels. To recognize that the aim of all managers is to create a surplus and identify the trends information technology, knowledge management as a response to several trends already occurring which will have implication for developing human resources. The paper will also discuss the increasing use of computers, the proportion of knowledge workers, the need for skill worker, conceptual and design skill. The paper will also discuss the nature and applications of information technology, importance of computers handling information, opportunities and well as challenges created by the new information technology.

Definition of Terms

Management: This is the process of designing and maintain an environment in which individuals working together in groups efficiently accomplishing selected aim. Management entails the process by which human and physical resources are guided into dynamic and viable organization.

Knowledge: This can be define as information, understanding and skills that you gain through education or experience, practical, medical, scientific knowledge or the state of knowing about a particular fact or situation.

Effectiveness: This also refers to the achievement of objectives as productivity improvement today is recognized around the world by governments, industry and even universities. Also defined as the output-input ratio within a time period with due consideration for quality.

Efficiency: is the achievement of the ends with the least amount of resources.

Management Information System (MIS): The definition of the term, here is a formal system of gathering, integrating, comparing, analyzing, and dispersing information, internal and external to the enterprise in a timely and efficient manner to support managers in performing their jobs.

Literature Review

Knowledge is the information, understanding and skills that you gain through education or experience: Practical, Medical, Scientific Knowledge as define by Oxford Advanced Learner's Dictionary of international student's Edition, which management is the process of designing and maintaining an environment in which individuals working together in groups, efficiently accomplish selected aims.

Many Scholars and managers have found that the analysis of management is facilitated by a useful and clear organization of knowledge. Katz (1955 and 1974) identified three kinds of skills and conceptual and design skills highlighting their importance at the supervisory level, frequent interactions with subordinates, and need technical skills, while conceptual and design abilities and human skill are especially valuable, but there is relatively little need for technical abilities.

It is therefore assumed, especially in large companies, that chief executive officer (CEO) can utilize the technical abilities of their subordinates. In smaller firms, however, technical experience may still be quite important.

Thomas and Robert (1982), identified 43 companies that they regarded as excellent having considered factors such as growth of assets and equity, average return on total capital and similar measures. After their publication in search of Excellence, Business Week took a second look at the companies that Peters and Waterman had considered excellence and revealed that at least 14 of the 43 companies did not measure up very well to several of the eight characteristics of excellence. This was partly, their methods of collecting and interpreting the data, such as extensive use of anchors and quotations from leaders in the field rather than using more scientific research sources. The performance review of the firms indicated that success may be only transitory and that it demands continuing hard work to adopt to changes in the environment.

Drucker, (1973), observed that “the greatest opportunity for increasing productivity is surely to be found in knowledge work itself, and especially in management’. In determine effectiveness and efficiency we are to know that productivity implies effectiveness and efficiency in individual and organizational performance. Effectiveness is the achievement of objectives while efficiency is the achievement of the ends with the least amount of resources. Managers cannot know whether they are productive unless they first know their goals and those of the organization.

Managing, like all other practices-whether medicine, music competition, engineering, accountancy or even baseball-is an art. It is know-how. It is doing things in light of the realities of a situation. Managers can also work better by using the organized knowledge about management.

It is this knowledge that constitutes a science. Thus, managing as practice is an art, while the organized knowledge underlying the practice may be referred to as a science.

Taylor, (1911), highlighting Frederick Taylor’s Scientific management, Henri Fayol’s Modern operational management theory, and Elton Mayo and F.J. Roethlisberger’s Hawthorne Studies.

Taylor, at Midvale Steel company in Philadelphia as Machinist invented high-speed steel-cutting tools and spent most of his life as a consulting engineer, probably no other person has had a greater impact on the development of management. Taylor ample opportunity to know first-hand the problems and attitudes of workers and to see the great possibilities for improving the quality of management. Taylor’s famous work principles of Scientific Management with fundamental principles which he underlyed, the scientific approach to management are as follows:

- Replacing rules of thumb with science (organized knowledge)
- Obtaining harmony, rather than discord, in group action.
- Achieving corporation of human beings rather than chaotic individualism.
- Working for maximum output, rather than restricted output.
- Developing all workers to the fullest extent possible for their own and their company’s highest prosperity.

By this approach, you will notice that these basic precepts of Taylor are not far from the fundamental beliefs of the modern manager.

Fayol (1911), in his principles of scientific management and General and industrial management theory, (1949) divided industrial activities into six groups: Technical, Commercial, Financial, Security, Accounting and managerial, recognizing the need for

teaching management. Consequently, he identified 14 such principles, noting that those are flexible, not absolute, and must be usable regardless of changing conditions.

A look at some of these principles:

- Authority and Responsibility. Fayol suggests that authority and responsibility are related with the later arising from the former. He sees authority as a combination of official factors, deriving from the manager position, and personal factors, compounded of intelligence, experience, moral worth past service, etc.
- Unity of command. He emphasized that Employees should receive orders from one superior only.
- Scalar chain, Fayol thinks of this as a “chain of Superiors” from the highest to the lowest ranks, which, while not to be departed from needlessly should be short-circuited when following it scrupulously would be detrimental.
- Esprit de corps. This is the principle that “in union there is strength” as well as an extension of the principle of unity of command emphasizing the need for teamwork and the importance of communication in obtaining it.

Mayo (1932), and Fj. Roethlisberger, and others undertook the famous experiments at the Hawthorn plant of the Western Electric company to determine the effect of illumination and other conditions on workers and their productivity. Finding that productivity improved when illumination was either increased or decreased for a test group, the researchers were about to declare the whole experiment a failure. Mayo (1933) with Roethlisberger saw something unusual continued the research. Viewing the result of previous researcher, thought of a dramatic effect on, management thought. Changing illumination for the test group, modifying rest periods, shortening workdays, and varying incentive pay systems did not seem to explain changes in productivity. Mayo and his researchers then come to the conclusion that other factors were responsible. They found, in general, that the improvement in productivity was due to such social factors as morale, satisfactory interrelationships between members of a work group, and effective management- a kind of managing that takes into account human behavior, especially group behavior and serves it through such interpersonal skills as motivating, counseling, leading and communicating.

Mason (1986 quoted in Chafee et al, 2004) has explained four concerns associated with e-commerce privacy.

- i. Accuracy: The correctness of information about people, is it correct or not? Incorrect information will harm people.
- ii. Property: The owner of information and how it can be transferred.
- iii. Accessibility: The People who are authorized to access people’s personal data and at what time and in which situation that information has to be accessed.
- iv. Transparency: who is collecting what information
- v. Liability: who is responsible if data are abused.

Conclusion

To be successful in the 21st century, companies must take advantages of information technology-especially the internet-globalization and entrepreneurship. Technology, and especially information-technology (IT) has a pervasive impact on both organizations and individuals in such an organization, the management of knowledge and information, becomes a key to gaining competitive advantage. Business today depends largely on intellectual property. Business was seen as the key to the creation not only of business wealth but also of

national wealth. Once companies realized this they became aware of the need to find out how to manage the knowledge, and how best to use it to create extra value.

Information technology helped in their effort to introduce good knowledge management practice. Management is a process of designing and maintaining an environment for efficiently accomplishing selected aims, and managers carry out the functions of planning, organizing, staffing, leading, and controlling, however the managerial skills required vary with the organizational level. Enterprises must take advantages of the 21st century trends in information technology, globalization, and entrepreneurship. They must also focus on productivity, that is to achieve a favorable output-input ratio within a specific time period with due consideration for quality.

The e-commerce is considered to be an important means of conducting business privately. People and organisations are opposed to revealing personal or business information to others, because they are cautious from mishandling information about people and business in e-commerce have developed because of customer's desire to personally deal with them and the high competition among online business (Gurau, Racnrod & Gauzente 2003).

Privacy refers to the characteristics and attitudes of people or any other objects like business that are looking to keep their confidential information away from anybody else. (Clark, 2005) defines privacy as the internet that individuals have in sustaining a "personal space" free from interference by other people and organisations.

Recommendation

The paper, theoretically recommends, stating that our success as an enterprise depends on how well we exploit our most valuable assets; our knowledge-driven economy.

The companies need to find out how to manage that knowledge and how best to use it to create extra value. Companies should tend to be innovative market leaders at the forefront of internet technology.

That companies should know that electronic commerce embodies a revolutionary idea that is qualitatively different from ordinary time-worn commerce that there is a paradigm shift in the way that business is conducted in the world of e-commerce. Doing business via the internet is not only much quicker and much cheaper than other methods, it is also thought to overturn old rules about time, space and price and distance.

In knowledge-management practice, companies need to ensure that they are suddenly benefit of vital information when an important individual employee moves to another employer.

In generating ideas, all employees should be encouraged to come up with new ideas, through ideas boxes or by being rewarded for ideas that make or save money for the company.

Storing information has been structured so that the information in them can be accessed by everybody who needs it.

In distributing information, organizations must encourage the spread of information to others. The hoarding of information, therefore, has historically been seen as a source of power.

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