
Preliminary results of the second Monash University survey on Knowledge Management strategies and practices in Australian organisations

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Executive Summary

This technical report on Knowledge Management Strategies in Australia is the second of its kind initiated by the Knowledge Management Research Program (KMPR), Monash University. This is a subsequent survey to the first survey that was conducted between March and July 2001. That survey reported on the Knowledge Management uptake in Australian organisations (Zyngier, 2001; Zyngier, Burstein & Rodriguez, 2003). Five years forward this study looks at the current status of Knowledge Management understandings and practice through the eyes of senior executive staff in those organisations.

The results in this report represent the views of Australian senior managers across 89 organisations representing all industry sectors and organisations of all sizes from small to large corporations. The main findings are: The survey was conducted between May and August 2005, by way of a questionnaire addressed to the top 1000 companies across Australia as measured by turnover.

The report comprises introductory material, an explanation of the methodology used, and a detailed account of the descriptive statistics gathered. As background to the statistics on Knowledge Management (KM) uptake, we give the reader an understanding of the demographics of the respondents and their organisations. The survey findings indicate that KM is widely employed across all industry sectors and in all states.

KM is most widely defined as a business focussed approach, associated with the collection of processes that govern the creation, dissemination and utilization of knowledge to fulfil organisation objectives. A majority of organisations have some form of KM implementation in place. However, many are still exploring their KM options and others still have no KM strategy in any form. KM is reported as a tool for achieving competitive advantage, efficiency and effectiveness of operations through knowledge sharing to meet customer/client needs. Email, intranet and the Internet are the dominant technologies supporting KM, while communities of practice and a variety of organisational learning techniques are the tools in place. An overall increase is shown in the number of knowledge workers and in budgets to support organisational learning.

New findings show that a very large proportion of organisations authorize KM activity at a senior executive level – through either an individual or a convened steering committee, although generally that governance does not extend to KM strategy development and implementation. This implies that a top down approach possibly has fiduciary control of budgets but may omit effective management of risk, adequate measurement of implementation outcomes against KM and organisational policy.
Introduction

Peter Drucker (1964), in his discussion of the contribution that knowledge makes to an organisation, commented that what makes “a business distinct and what is its peculiar resource, is its ability to use knowledge of all kinds - from scientific and technical knowledge to social, economic and managerial knowledge” (Drucker, 1964, p. 5). The management of knowledge in the ‘information age’ is an organisational imperative. It is a tool that enables organisations to effectively control and leverage individual and collective knowledge.

This technical report presents a core descriptive analysis of the second survey, conducted by researchers from the Knowledge Management Research Program at Monash University, measuring current business understandings and application of the concept of Knowledge Management, and implementation trends in the Australian corporate environment. Knowledge management (KM) is most widely defined as a business focussed approach, “… that addresses the full range of processes by which the organisation deploys knowledge” (Burstein & Linger, 2006). It is recognised as business focussed approach, which is continually discussed in the daily press, the business press, professional journals, between work associates, on the Internet, and at conferences as a tool for the management of the transfer of knowledge in Australian organisations over the last ten years.

The target population of this survey was the top 1000 Australian organisations as measured by turnover and updated monthly by Dun and Bradstreet's Business Who's Who (2005), in this instance as at May 2005. This list includes ‘blue-chip’ companies, medium enterprises, government bodies and tertiary educational institutions. The research seeks to examine and measure current views, awareness, and KM strategies, thus reviewing the present conditions in this organisational group in Australia.

The research in this report is descriptive in nature and represents the status of the views and activities relating to Knowledge Management and the related uptake trends in the Australian corporate environment between June and November of 2005. The purpose of the report is to present the preliminary findings as clearly as possible. The data presented will be used as a component in further exploratory, comparative and explanatory studies.

This project was initiated and supervised by Associate Professor Frada Burstein, Faculty of Information Technology, Monash University. This project was funded by the School of Information Management and Systems, now the Caulfield School of Information Technology, Monash University.
Methodology

This research analyses and provides a high level review of progress achieved across a comprehensive and representative range of Australian industry sector areas in the perception of the concept of Knowledge Management. It also analyses Knowledge Management uptake in the Australian corporate environment to identify new development trends in this area since the previous similar survey carried out in 2001 (Zyngier et al., 2003).

This study was conducted using a questionnaire that was originally based on the research instrument framework developed at the School of Management, Cranfield University, UK in 1998\(^1\). Aligning and updating the current survey to reflect the latest trends in KM development, the Monash Knowledge Management Laboratory adapted this model by revising some of the initial (2001) questions and adding several new questions.

The research looks at the general understanding of the concept of KM at the executive management level in the Australian business environment, at the readiness stage of Australian organisations to effectively compete in the knowledge-based economy and at Australian specific KM development trends based on a limited snapshot analysis of these organisations.

The 2006 survey target population consisted of the top 1000 Australian organisations as measured by turnover and updated monthly by Dun and Bradstreet's Business Who's Who (2005), in this instance as at May 2005. This list included organisations dispersed across all states in Australia, from private and public sectors, of all sizes and from all industries, perceived as homogeneous and having a higher demand for KM implementation.

Due to the nature of the sample, physical location, time and budget constraints, a mail survey was considered the most appropriate tool. The anonymous survey questionnaire was addressed and posted to the three relevant senior executives in each of the organisations: the Chief Executive Officer (CEO), Chief Information Officer (CIO) or Chief Knowledge Officer (CKO), and Director of Human Resources (DHR).

The questionnaires were mailed out during June and July 2005. Each questionnaire was accompanied by an explanatory cover letter, presenting the research carried out as well as asking for the organisation’s cooperation. The explanatory cover letter allowed the delegation of the task of completing the survey to another company officer. Provision was made in the questionnaire for “Other – please specify” option to still collect the responses in these cases. The survey responses were returned and received during the period June to November 2005.

The main concern with mail surveys relates to their tendency to produce low response rates. This raises concerns relating to the risk of non-response bias that challenges the external validity of the findings. One of the major problems of a mail survey is that response rates can be low and

\(^1\) Permission was sought and received from Cranfield School of Management to use the survey instrument for academic purposes.
the sample cannot be reasonably argued to represent the population. Due to the method of subject recruitment this sample cannot be said to be representative of all Australian organisations or of the opinion of all Australian senior executives. Although, the anonymous approach prevented follow up letters and reminders to increase the return rate, and made difficult a deeper analysis of the data received, it could be argued it improved the openness of opinions expressed (Zyngier et al., 2003), therefore enhancing overall data quality. At the same time, it is suggested that as this information is taken from an anonymous group of respondents it can be said to provide indicative trend data in an understanding of the current approach to Knowledge Management in Australia in 2006.

A high level comparison of the demographic profiles a correlation between the actual versus possible respondents depicts a relatively uniform distribution of the respondent organisations with the initial sample. This is useful when considering data validity. The specific method of sample selection that targeted senior executives of large Australian organisations adds two effective dimensions to this discussion. First, senior executives are regarded as highly representative for the strategic direction of their organisations due to the influential nature of their roles. Second, as stated earlier, large organisations are regarded to be in the best position to have a higher demand for KM implementation due to the complexity of their operation as well as their financial capability to support such initiatives.

Also the survey provided useful results with indicative findings that are complementary to the previous research from 2001. Therefore, based on the above and despite a low response rate that might not necessarily represent all Australian organisations we believe that these lines of reasoning still supports the validity of the results.

The total number of returns was of 183 questionnaires from which 57 were returned to sender due to incorrect or changed addressing, 37 of the organisations were unwilling to participate - of which 14 organisations returned formal letters of refusal according to corporate policy. In total we received 91 completed questionnaires. Out of these 91, only 89 questionnaires were considered valid, deriving a final response rate of 9.9%. These senior executives form the sample for the statistical analysis in this report.

The survey instruments were coded so that the researcher was able to identify the organisation that had completed the questionnaire. The inclusion of background or demographic data allowed the manipulation of that data by state, size of the enterprise, number of employees and revenue information (where available). Demographic data also included the educational level, age group and the duration of employment in the organisation and in the particular position. The questionnaire was divided into seven sections and was timed to take approximately 20 minutes to complete.
The sections comprised:
1. Knowledge management concepts
2. Relevance of knowledge issues
3. Exploitation of Knowledge Management
4. Knowledge Management strategies (new topic questions)
5. Management of knowledge as an asset
6. Cultural aspects of Knowledge Management
7. Background information

Across the sections of the survey, a number of data collection techniques were employed. These methods ranged from ticking the appropriate selection box, positive to negative endpoint Likert scale ranking, short numeric statements or free text answers to specific questions. These textual answers were analysed for thematic content and then categorised in relevant topic groups.

The responses were encoded and analysed using predictive analytical techniques through the use of Statistical Package for the Social Sciences, SPSS 12.0.1 and Microsoft Office Excel. Results are published in graphical format mainly in percentage calculations of the sample and on a case-by-case basis in sample counts. On a limited number of occasions the associated value tables were also provided for improved readability of some of the more complex graphics.

The outcome of this additional research will help both other academics and the business sector to understand the KM environment. We also hope that it will assist them to gain a better appreciation of the benefits of development and implementation of new Knowledge Management strategies.

Organisation & Respondent Demographics

This section of the questionnaire has been designed to examine the organisation and respondent demographic information collected from the participants. The information gathered here covers the organisational distribution across Australia, number of locations, size and type of organisations, as well as the industry sector they belong to. It further presents data about respondents' role, length of time in this position and within the organisation, their age group, and the highest education level achieved.

Although included as the last section of the questionnaire, the background data results will be presented here first, as this will allow for a better understanding of the study. In total there were 91 responses received, from which only 89 valid responses were processed. From the 89 respondent organisations, 46.1% were from Tasmania (Tas) & Victoria (Vic) combined, 33.7% were from New South Wales (NSW) & Australian Capital Territory (ACT) combined, 11.2% were from the Northern Territory (NT) & Queensland (Qld) combined, 1.1% were from South Australia (SA) and
7.9% were from Western Australia (WA) as graphically illustrated in Figure 1 below.

![Responses by State](image)

**Figure 1 Responses by state**

A comparison between the possible responses across Australia and the actual responses received can be drawn. The possible responses refer to all organisations that were sent the questionnaires. Figure 2 provides this evaluation in a comparative, perceptual distribution state by state showing the percentage of the possible responding organisations and the actual responses, based on the 89 answers returned.

![Distribution of Organisations by State](image)

**Figure 2 Distribution of organisations across Australia - actual and possible response rates**

The results show good correlation between the actual versus possible responses, on a state-by-state basis, for QLD & NT, SA and WA. A slight over representation of the actual responses has been recorded in Vic & Tas, and a slight under representation for NSW & ACT. Despite this slight
discrepancy, the sample distribution still depicts a relative uniformity of the distribution of the respondent organisations with the initial sample.

Figure 3 presents the industry sectors of the respondent organisations. Based on the earlier survey, the questionnaire included only eight industry categories with an additional option “Other, please state”. This gave the respondents the opportunity to further specify their industry sector. To this end more categories than were on the survey are represented in the figure. This classification follows that used by the Business Who’s Who of Australia (Dun & Bradstreet, 2006).

![Industry Sector Distribution](image)

**Figure 3 Distribution of organisations by industry sector**

The Manufacturing & Engineering sectors, as expected, appear to be best represented with 16.9%, followed by Energy & Utilities and by Engineering & Business Services both with 10.1%. ICT and Retail & Wholesale similarly have a 7.9% presence followed by Construction, Public Administration and Education all with 6.7%. Legal Services sum a 5.6% whereas Mining, Pharmaceutical & Chemical and Health sectors are represented with 4.5%. Finally Transportation & Distribution and Finance, Banking and Insurance are on 3.4%. That leaves ‘Others’ with only 1.1%. In fact ‘Others’ in this instance is wholly represented by the Hospitality Industry.

Further detail was gathered from another component of this research in the organisation type. This question categorised respondent organisations in four major groups: Publicly Listed, Government (both State and Federal), Private Companies and Not-for-profit organisations. As shown in Figure 4 type below, the largest participation in this survey is from Private
Companies with 40.4% followed by Publicly Listed companies with 33.7%, then Government with 24.7% and Not-for-profit organisations representing only 1.1% of the respondent population.

![Organisation Ownership Type](image)

**Figure 4 Organisation ownership type**

It was expected that most respondents would belong to large organisations as most companies from the survey sample were large and medium sized organisations. This is reflected in both the data collected on the number of employees and from the number of locations indicated by the respondents.

Figure 5 following shows organisation size based on the number of employees indicated by the respondents, in the form of predefined categories. The results show the largest number of respondents, 42.7%, are part of large organisations with more than 1000 employees, and 18% are employed by companies with 500 to 1000 employees. Medium-sized organisations with 100 to 499 employees represent 30.3% of the total population. The small-sized organisations with employees between 50 to 100 employees are the least represented, only 2.2%, whereas those with less than 50 employees represent 6.7% of the overall sample.

![Number of Employees](image)

**Figure 5 Organisation size**
The number of locations per organisation is another element of Organisation & Respondent Demographics and is presented in Figure 6 below. As was expected by the researchers due to the way the sample was chosen, the largest percentage (38.2%) comes from companies with more than 10 geographic locations. The number of locations can be an indicator of the size of the organisation and thus, perhaps, an indicator of their capacity to support a KM strategy. 29.2% of organisations have 2-5 locations and 19.1% of them 6-10 locations. Single location companies are only represented by 11.1%.

![Number of Locations](image)

**Figure 6 Number of locations**

The next section of the organisation & respondent demographic information presents personal data about actual position, length of time in that position and within organisation, age group, and the highest level of education achieved. The sample that this study addressed was mainly top management of these Australian organisations; that is, Chief Executive Officers (CEO), Chief Information Officers (CIO), Chief Knowledge Offices (CKO) and Directors of Human Resources (DHR). The ‘Other’ option was added, as presumably, not all the respondents would be part of the high management positions, but middle management positions as well. According to the respondents’ replies, their roles have been identified and regrouped as follows, in Figure 7 below.

![Position of Respondents](image)

**Figure 7 Position of respondents**
The majority of the respondents classified themselves as Managers of Human Resources (27.0%), closely followed by CIO & CKO (23.6%). The next two groups are at less than half of the distribution value of the first two and are represented, at equal value, by CEO and Business/Technical/Operation Manager categories (11.2%). Knowledge Manager & Knowledge Worker category covers a modest 7.9% followed by Chief Financial Officer (5.6%). Although at relatively low percentage, it is worth mentioning the noticeable involvement of financial management with KM. This is in agreement with the results of a 2003 study conducted by the Organisation of Economic Cooperation and Development (OECD, Jan 2003) on KM practices for ministries, departments and government agencies where organisations in charge of finance and budget, justice and trade industry stood out as being above average in performance related to KM.

The category Other (12.4%) is here represented by an array of middle and senior management representatives such as: Records Managers, Sales & Operations Manager, Organisation Development and Planning, Director of Administration, also including Researcher, Designer and Consultants.

Figure 8 below illustrates the distribution by age group of the survey respondents. The largest segment is formed by two distinct categories 40-49 and 50-59 year old respondents, sharing 32.6% each.

![Figure 8 Age group of the respondents](image)

This matches expectations, given the high seniority level of the targeted respondent sample. The 30-39 year old group also recorded some good representation with 23.6%. However, the other remaining age groups are not that well represented, 20-29 year old with 6.7% and over 60 years old with only 3.3%

Another variable of interest to the researchers was the number of years that the respondent had worked in the organisation. As known from the earlier survey, this may or may not be a predictor of attitudes to the management of knowledge (Zyngier et al., 2003). Figure 9 covers the distribution of respondents of the number of years of their service in the organisation. There appears to be a clear distinction between the leading category More-
than-10 years with 36.2%, and the next ones, which are about 10% less. These categories are 3-5 years with 25.8% and Less-than-3 years with 24.7% respectively. The last one is between 6-10 years of service with 15.7%.

This further indicates a greater proportion of respondents are staying in their organisations for a lengthy period. This may be an indicator that they are well acquainted with their organisation, its structure and strategies.

Time within Organisation

<table>
<thead>
<tr>
<th>Time within Organisation</th>
<th>Respondents (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 3 yrs</td>
<td>24.7</td>
</tr>
<tr>
<td>3 - 5 yrs</td>
<td>25.8</td>
</tr>
<tr>
<td>6-10 yrs</td>
<td>15.7</td>
</tr>
<tr>
<td>&gt; 10 yrs</td>
<td>32.6</td>
</tr>
<tr>
<td>Blank</td>
<td>1.1</td>
</tr>
</tbody>
</table>

Figure 9 Time within organisation

Time in current position is another demographic question that helps in profiling the respondents. Based on the survey’s results shown in Figure 10 below almost half of the respondents (48.3%) have been in their current position for less-than-3-years. This perhaps reflects the current trend of employees frequently moving jobs. This is followed by the 3 to 5 years category with 33.7% and at a significantly lower percentage of 13.7% the 6 to 9 years group. The category of employees at More-than-10-years in current position is very poor represented in the survey results at only 2.2%.

Time in Current Position

<table>
<thead>
<tr>
<th>Time in Current Position</th>
<th>Respondents (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 3 yrs</td>
<td>48.3</td>
</tr>
<tr>
<td>3-5 yrs</td>
<td>33.7</td>
</tr>
<tr>
<td>6-9 yrs</td>
<td>13.5</td>
</tr>
<tr>
<td>&gt;10 yrs</td>
<td>2.2</td>
</tr>
<tr>
<td>Blank</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Figure 10 Time in current position

Looking further at the respondent group we also sought to understand the level of education achieved, to enable investigation into whether
educational level is a predictor of understanding of KM. As can be seen in Figure 11 following, over 95% of the respondents indicated that they have some level of tertiary education. These results meet expectations given the senior profile of the respondents. Most hold a Masters degree (36.0%) and Bachelor Degrees (32.6%); following this are the respondents with Postgraduate Diplomas (21.3%). There are fewer Undergraduate Diploma holders and PhD (2.2%) holders than those with High School Year 12 who represent 4.5% of the respondent population.

![Education Graph](image)

**Figure 11 Education of the respondents**

Based on the respondents’ information it is possible to establish a base profile of the survey participants and the organisations they belong to. That is:

- The organisations are 75% from the private sector and 25% from the public sector;

- The organisations are mainly large and medium size organisations (over 90%), with over 60% having more than 5 locations; and

- The organisations are quite uniformly spread across all main industry sectors.

The main characteristics of the respondents are as follows:

- The respondents are mainly senior managers (DHR, CIO/CKO, CEO and CFO);

- Approximately 70%, of the respondents are between 40-60 years old; and

- The respondents hold either Masters or Bachelor Degrees or Postgraduate Diplomas (90%)

There is no distinct pattern in relation to time employed by their organisation nor the amount of time that they have held their current position.
Basis of Response

In a majority of cases (47.2%), the respondents appear to share their responsibility to provide answers on behalf of their organisation with the belief that those answers also reflect their personal opinions, which is demonstrated in Figure 12 below. The balance of the answers are distributed among “On behalf of organisation” with 28.1% and “Based on personal opinion” with 19.1%.

![Basis of Response](image)

Figure 12 Basis of response
Knowledge Management Concepts

This section of the survey required the respondent to define their understanding of KM, and the level of commitment shown by their organisation.

Defining Knowledge Management

Recognising the fact that a plethora of KM definitions already exist, each of them in itself trying to come closer to the core of this complex concept, this section analyses respondents' views of the KM concept based on a selection of four alternative answers that broadly cover the main definition categories:

- Knowledge Management as a business focussed approach – the collection of processes that govern the creation, dissemination and utilization of knowledge to fulfil organisational objectives.
- Intellectual assets - taking the form of documents and information bases.
- Technology concept – the use of information technology to capture data and information in order to manage knowledge.
- A situation where no visible processes are used but it is – simply the ability to manage knowledge.

Based on these survey results in Figure 13 below, a staggering 82% of the respondents chose 'Business focused approach' as their preferred definition. This is in line with the most popular view of KM as the process of creation, storage, dissemination and utilisation/application. The next most popular definitions related KM to 'Intellectual assets' with only 9% and 'Technological concept' of 5.6% respectively. A very low percentage of (1.1%) was recorded for the 'No visible processes' option.

![Knowledge Management Definition](chart)

**Figure 13 Knowledge Management defined**

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Stage of Involvement with Knowledge Management

In order to provide feedback regarding their stage of involvement with KM, respondents had to make a selection from five predefined answers as shown in Figure 14.

![Chart](chart.png)

**Figure 14 Stage of involvement with Knowledge Management**

The final results indicated a fairly even distribution between the options, with the highest percentage of organisations (22.5%) having implemented at least one Knowledge Management initiative. It appears that although a large number of organisations (20.2%) are still at the curious/exploring stage, 18% of organisations already have KM operating organisation wide and an additional 16.9% are currently at the implementation phase of KM, with the same percentage for seriously exploring. It is of interest to note the overall trend of more than 60% Australian organisations involved in this survey to be at the implementation stage of future Knowledge Management projects.
Relevance of Knowledge Issues

This section sought to understand the relevance and importance of knowledge to organisations with regard to their business goals, the main sources and location of organisational knowledge resources, what tasks are viewed as key in KM, what type of knowledge is necessary to achieve business goals and the changes in the number of knowledge workers employed in the organisations.

Importance of Knowledge to Business Goals

Figure 15 presents the results to the question regarding the importance of knowledge to the business goals, where from a range of ten options, the participants were asked to select their top five reasons and rank them in order of importance from one (most important) to five. In addition, Figure 15 combines the total distribution as a percentage between ranked and unranked choices.

By summarizing just the first ranked choices it appears that participants recognized the option 'Gaining competitive advantage' to be the highest importance of knowledge to their organisation with 25.8%, followed by 'Improving efficiency' at 22.5%, and 'Being more effective' at 20.2% with the other seven options sharing the remaining 31.5%.

The first three results also show direct correlation with the Total Ranked calculation where again 'Competitive advantage' leads with 75.3%, followed by 'Improving efficiency' at 74.2% and 'Being more effective' at 65.2%.
Figure 16 clearly demonstrates the link that Australian companies see between Knowledge Management initiatives and three contemporary business imperatives: competitive advantage, improving efficiency and being more effective. In contrast, identification of new markets, organisational survival and improvement of market share are the options which scored the lowest.

<table>
<thead>
<tr>
<th>Importance of Knowledge to Business Goals</th>
<th>(ranked vs. unranked totals)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gaining competitive advantage</td>
<td>Total ranked 75.3</td>
</tr>
<tr>
<td></td>
<td>Total unranked</td>
</tr>
<tr>
<td>Improving efficiency</td>
<td>Total ranked 74.2</td>
</tr>
<tr>
<td></td>
<td>Total unranked</td>
</tr>
<tr>
<td>Being more effective</td>
<td>Total ranked 65.2</td>
</tr>
<tr>
<td></td>
<td>Total unranked</td>
</tr>
<tr>
<td>Increasing profits</td>
<td>Total ranked 56.2</td>
</tr>
<tr>
<td></td>
<td>Total unranked</td>
</tr>
<tr>
<td>Instigating change</td>
<td>Total ranked 55.1</td>
</tr>
<tr>
<td></td>
<td>Total unranked</td>
</tr>
<tr>
<td>Growing revenue</td>
<td>Total ranked 55.1</td>
</tr>
<tr>
<td></td>
<td>Total unranked</td>
</tr>
<tr>
<td>Developing new product/services</td>
<td>Total ranked 61.8</td>
</tr>
<tr>
<td></td>
<td>Total unranked</td>
</tr>
<tr>
<td>Improving market share</td>
<td>Total ranked 65.2</td>
</tr>
<tr>
<td></td>
<td>Total unranked</td>
</tr>
<tr>
<td>Surviving</td>
<td>Total ranked 70.8</td>
</tr>
<tr>
<td></td>
<td>Total unranked</td>
</tr>
<tr>
<td>Identifying new markets</td>
<td>Total ranked 74.2</td>
</tr>
<tr>
<td></td>
<td>Total unranked</td>
</tr>
</tbody>
</table>

Figure 16 Importance of knowledge to business goals - ranked vs. unranked

For options regarding growth of revenue, increasing profits and instigation of change, the overall opinions are divided. Further, this figure illustrates the back-to-back comparison between the ranked and unranked status for each of the categories.

Location of Knowledge Resources

The respondents were next asked to provide an assessment of the ratio of internal to external sources of knowledge within their organisation. The final results show that respondents believe a high percentage (69.8%) of the knowledge is located inside the organisation by comparison with only 30.2% of the knowledge being located outside the organisation as shown in Figure 17 below.
Location of Knowledge Resources

- Inside the Organisation: 69.8%
- Outside the Organisation: 30.2%

Figure 17 Location of knowledge resources
The Exploitation of Knowledge

The next section of the survey dealt with the exploitation of knowledge resources within the organisation.

Key Tasks in Knowledge Management

Considering that two thirds of the respondents indicated knowledge resources to be mainly located internally in Figure 17 above, the following question aims to further identify the distribution of some key tasks in managing these knowledge assets.

Figure 18 presents the range of these tasks, and the respondents have been asked to define to what extent do they agree or disagree with them. Under the Strongly agree response, 'Sharing knowledge internally', at 70.8%, has been selected the most. With a similar Strongly agree response, and with strong links to previous results, follows 'Finding knowledge internally' with 64% and then 'Re-using knowledge' with 60.7%. 'Applying knowledge to some benefit' is another Strongly agree preference, here represented by 57%. The remaining options are mainly covered by the Agree category with 'Acquiring knowledge externally' and 'Creating new knowledge', both at 61.8%, and 'Updating knowledge' with 56.2%.

By combining the categories from the Agree and Strongly agree responses, it appears that for an average of 95% of respondents, Knowledge Management supports finding, sharing, re-using, applying and updating knowledge internally as the most important tasks for Australian businesses.
Knowledge Necessary to Achieve Business Goals in the Next Three to Five Years

The respondents were next asked to rank the knowledge necessary to achieving their business goals in the next three to five years. The questionnaire provided nine key areas, and asked that these be ranked in order of importance to the organisation.

As shown by Figure 19, 67.4% of the respondents selected 'Customer needs and preferences' as Very Important while fewer (62.9%) selected 'What the business needs to know', and 59.6% chose 'Use of existing data and information'. Similar numbers (51.7%) selected 'Performance of the company' and (50.6%) 'Knowledge about external regulations'. When considering the Important category the responses were more even: 'Issues related to management' (56.2%), 'Application of technology' (50.6%), and 'Performance of market sectors' and 'Knowledge about competitors' with 46.1% each. It is of note that a significantly high percentage of respondents regarded the use of knowledge to improve 'Performance of market sector' (24.7%) as Unimportant.

![Figure 19 Knowledge necessary for achieving business goals](image)

This question highlights once again the fact that knowledge plays a very important role in all aspects of the business, with emphasis on the organisation having a customer focused perspective to achieve an intimate knowledge of customer specific needs and preferences.

Knowledge Management Activities

This question probes respondents' views toward Knowledge Management activities that are in place in their organisations from a specified array. Tuomi (2002) suggests that these could be clustered in four main...
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categories: organisational information processing, business intelligence, organisational cognition, and organisational development.

Of the respondent sample represented in Figure 20 below, 88.8% advise that they 'Plan to acquire and exploit required knowledge', 77.5% 'Believe that a value can be attached to knowledge'; the same percentage think of KM as a means of 'Facilitating mentoring of less experienced staff'; 74.2% selected 'Awareness of knowledge that exists within the organisation'; 71.9% 'Support informal work related conversations' and finally, 70.7 see KM as a means to 'Locate experts in key processes/markets/technologies'.

![Knowledge Management Activities](chart)

**Figure 20 Knowledge Management initiatives**
In contrast, 71.9% do not see the ‘Facilitating a virtual tea-room’ as a priority, 61.8% don’t ‘Utilize storytelling to transfer knowledge’, and 56.2% do not ‘Facilitate Communities of Practice’ (CoP). It is also worth noting that 9.0% of participants selected that they had no idea about whether they might believe that a value could be attached to knowledge.

These results indicate that not all relevant knowledge activities are uniformly implemented in the Australian business environment represented by the present sample. It can be suggested that there are opportunities for further improvement in some of the more advanced KM areas such as CoP’s, storytelling and virtual collaborative spaces.

**Number of Knowledge Workers**

Desouza & Raider (2006) suggest that recent studies show that executives cut funding to KM and regard KM as a luxury and not a necessity. A confounding fact is that this current study shows that the Australian business environment appears to share a common view in the rise in the number of knowledge workers over the last five to ten years.

Figure 21 presents the changes in the number of knowledge workers in Australian companies as advised by the surveyed organisations. More than half of the respondents (58.4%) estimated that this number has increased over the last 5 years, 23.6% thought this number remained the same with only 5.6% reporting a decrease in knowledge worker numbers. This is indicative of the changing nature of the Australian workforce. It can be suggested that this emphasises the current demand for organisations to implement strategies that effectively manage and leverage knowledge.

![Number of Knowledge Workers](image)

**Figure 21 Movement in number of knowledge workers over 5 years**

**Knowledge Management Strategies**

A number of critical issues are becoming apparent when discussing success factors related to KM strategy development in the current business environment. The Australian Local Government KM Toolkit (Australian Local Government Association, 2004) lists just few of them: KM strategies
should be based on specific business outcomes, continuously exposed to a constant review process to ensure alignment with the overall business strategies and should be led by people with a thorough understanding of organisational goals and their selection should not be technology driven.

KM strategy development is an important part of this study. The survey contains a number of questions related to KM strategies, with the first enquiring about the new KM strategies the respondents intend to pursue in the next two years. In this instance, the participants were asked to provide a textual response. Among the 89 valid surveys received, only 42 included a written response to this question, whilst 47 left the question unanswered.

Some answers included multiple strategic KM initiatives that have been separated and sorted into a final count totalling 61 choices. These choices are summarised in Figure 22 below.

![Figure 22 Knowledge Management strategies to be pursued in the next 2 years](image_url)

The analysis of the results shows an overwhelming majority of 23 cases that appear to adopt KM technologies and system development strategies. Learning, training & mentoring has been classified in second place, attracting approximately a third less instances. It is closely followed by knowledge sharing with five cases, then by knowledge capture & acquisition, knowledge dissemination, and KM culture, each with four
cases. Communities of Practice (CoP) and Research and Development only had three counts each.

Although the road to effective Knowledge Management appears to be littered with abandoned Knowledge Management solutions that are considered just other IT applications (O’Dell & Leavitt, 2004), in recent years, in modern organisations, information technology has become a valuable support for Knowledge Management strategy implementation. Comparing the Australian profile presented in this report to Tuomi’s concept of the three generations of KM (Tuomi, 2002), this result could indicate that Australian business sectors are in fact at the stage of completion of the first generation of KM, where the focus is on information sharing, knowledge repositories, KM systems and intellectual capital, and that Australia is only now moving towards the second generation of KM that deals with tacit knowledge, social learning and communities of practice.

**Time Engaged with Strategies to Manage Knowledge**

Six distinct time segments were developed for a more structured representation of participants’ responses regarding their time engaged with strategies to manage knowledge. These are shown in Figure 23 below. It is important to observe the cumulative distribution of companies involved at different stages of KM strategy development equals about three quarters of the overall number of respondents versus one quarter of organisations not yet involved.

![Figure 23 Time engaged with formal strategies to manage knowledge](image)

Within those organisations that are currently engaged in formal strategies to manage knowledge, there some relatively high distribution results representing the relatively recent commitment of the participating companies. This comment is made in the context that KM strategies have been receiving broad acknowledgement and serious consideration by some organisations since 1995. Organisations report that 23.6% have been engaged for between one and three years. A further 21.3% have been engaged for between three and five years, while only 16.9% have been
engaged in KM strategies for less than one year. Initiatives between five and ten years and over ten years implementation follow with lower distribution values of 7.9% and 4.5% respectively.
KM Strategy – Authority, Development and Implementation

The next section presents a different perspective on the implementation of Knowledge Management strategy. The respondents were asked to select all the options that apply from a number of predefined choices regarding the level of authority, responsibility and involvement of KM strategy development and implementation in their organisation. They were asked to nominate ‘who’ has responsibility and for ‘what’ areas. The results are as follows.

Who has the authority for KM strategy?

It appears that authority for KM is closely distributed among two main entities as shown in Figure 24. These are the CEO (38.2%) and an Executive Group (33.7%), both of these indicating links with traditional strategic planning responsibility. However at the same time 32.6% of respondents indicated that ‘No formal role exists’ which suggests an unclear or total lack of authority for the KM strategy.

![Authority for the KM Strategy](image)

Figure 24 Who has authority for Knowledge Management strategy?

Interestingly, the Chief Knowledge Officer cumulates the lowest representation, with only 7.9%, half that of the CIO (here represented by 15.7%). This probably indicates a low level of strategic authority or that the CKO has not attained the same prestige that the role of CIO has earned and is not often represented on executive teams (Desouza & Raider, 2006).

What is the authority for?

As can be seen in Figure 25 below, the majority of respondents selected ‘Policy development’ (61.8%) as the core expression of authority. The remaining results present themselves at a fairly linear decrease rate with
'Review and revision of policy' (50.6%), 'Risk Management' (43.8%) and Financial management (34.8%).

What is the Authority for

<table>
<thead>
<tr>
<th>Authority</th>
<th>Respondents (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy development</td>
<td>61.8</td>
</tr>
<tr>
<td>Review and revision of policy</td>
<td>50.6</td>
</tr>
<tr>
<td>Risk management</td>
<td>43.8</td>
</tr>
<tr>
<td>Financial management</td>
<td>34.8</td>
</tr>
<tr>
<td>Blank</td>
<td>20.2</td>
</tr>
</tbody>
</table>

Figure 25 What is the authority for?

Who is responsible for development of KM strategy?

The responses to this question shown in Figure 26 below, reveal a lack of designated formal responsibility by a 36.0% response rate for 'No formal role exists'. This is followed by quite an even distribution between the CIO (18.0%), CEO/Managing Director (15.7%), CKO (15.7%) and the response that 'It is "everyone's job"' (16.9%). The Director of HR scored a relatively low rate of only 7.9%. These results indicate a noticeable lack of governance responsibility for KM Strategy Development.

What is involved in KM strategy development?

Respondent choices were fairly evenly distributed across the entire range of KM strategy development phases as shown in Figure 27. This starts with 52.8% for 'Map/Audit knowledge resources', continues with 48.3% for 'Develop ways to leverage tacit knowledge', 44.9% for 'Define a 'route map'
for knowledge use’, 43.8% for ‘Follow-up and ensure it is being used’, and 40.4% for ‘Develop metrics for evaluating the strategy’.

**Figure 27** What is involved in KM strategy development?

**Who is responsible for implementation of KM strategy?**

As with the other ‘who’ related questions, the ‘No formal role exists’ response again returned a high response rate (29.2%), in the case of implementation of KM strategy, as seen in Figure 28. An equally high rating of 29.2% was recorded for ‘It is “everyone’s job”’ which together with the high response rate of 24.7% for ‘A department function’ emphasizes the lack of designated formal responsibility for the development and the implementation of KM strategies. The role of CKO scores a relatively low rating of 16.9% as being responsible for KM strategy implementation. This is slightly higher than that recorded for the CIO (15.7%) but significantly higher by comparison than the response giving the responsibility to the Director of HR who remains consistently low at 5.6%.

**Figure 28** Who is responsible for implementation of KM strategy?
What is involved in the KM strategy implementation?

Following the same theme in the previous two questions, the results here show a reasonably even distribution spread across the entire range of key implementation phases (Figure 29). Knowledge organisation and dissemination are ranked the highest, with 65.2% and 64.0 respectively, followed by knowledge collection and gathering at 61.8%. Knowledge use and learning implementation rank within the 50% mark, with a noticeably low result for Specific strategies that backs up the previous finding regarding little or no focus on KM strategic planning.

<table>
<thead>
<tr>
<th>What Involves the KM Strategy Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organise knowledge</td>
</tr>
<tr>
<td>Disseminate knowledge</td>
</tr>
<tr>
<td>Collect / gather knowledge</td>
</tr>
<tr>
<td>Use the knowledge</td>
</tr>
<tr>
<td>Implement learning</td>
</tr>
<tr>
<td>Specific strategies</td>
</tr>
<tr>
<td>Blank</td>
</tr>
</tbody>
</table>

Respondents (%)

Figure 29 What is involved in KM implementation

In summary, for the ‘who’ questions, if the authority of KM strategy in Australia appears to reside with top level executives, the responsibilities regarding the development and implementation of KM strategies reside in less defined roles i.e. ‘No formal role exists’ and ‘It is “everyone’s job”’. The CKO option ranks particularly low in the case of authority, whilst the Director of HR ranks low in all three instances. These low levels of direct leadership, and of the responsibility of senior leaders in contrast with less defined roles denotes that KM has not yet fully achieved formal representation within business governance ranks, and is therefore not an extensively adopted business practice yet.

In the case of the ‘what’ questions, it appears that the authority is mainly concerned with development, review and revision of policy. The bodies responsible for KM strategy development in Australian organisations focus on core activities such as mapping, auditing and leveraging tacit & explicit knowledge, as well as evaluating strategies. Organisations in the implementation phase engage in activities such as gathering, organisation, dissemination and use of knowledge.
Longer Term Outlook on Managing Knowledge

This section examines the longer-term plans the surveyed organisations have in relation to managing their knowledge capital.

Importance of Knowledge to each of the Departments Now and by Comparison with 2010

One of the key questions of this survey requested participating companies to provide a current qualitative assessment of the importance of KM itemized against a number of generic functions as well as to estimate to where they see this by 2010. The answers indicate that the significance of knowledge increases for all these functions, as shown in Table 1.

Table 1 Where is the business knowledge important? (%)

<table>
<thead>
<tr>
<th>Importance of Knowledge for Business</th>
<th>Percent - 2005</th>
<th>Percent - 2010</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Information Systems / Technology</td>
<td>76.4</td>
<td>80.9</td>
<td>+4.5</td>
</tr>
<tr>
<td>Corporate Planning</td>
<td>74.2</td>
<td>83.1</td>
<td>+9.0</td>
</tr>
<tr>
<td>Customer Service</td>
<td>74.2</td>
<td>82.0</td>
<td>+7.9</td>
</tr>
<tr>
<td>Marketing</td>
<td>70.8</td>
<td>75.3</td>
<td>+4.5</td>
</tr>
<tr>
<td>Research and Development</td>
<td>68.5</td>
<td>69.7</td>
<td>+1.1</td>
</tr>
<tr>
<td>Human Resources / Personnel</td>
<td>67.4</td>
<td>75.3</td>
<td>+7.9</td>
</tr>
<tr>
<td>Finance / Accounts</td>
<td>60.7</td>
<td>66.3</td>
<td>+5.6</td>
</tr>
<tr>
<td>Sales</td>
<td>56.2</td>
<td>64.0</td>
<td>+7.9</td>
</tr>
<tr>
<td>Manufacturing / Service Operations</td>
<td>52.8</td>
<td>61.8</td>
<td>+9.0</td>
</tr>
<tr>
<td>Distribution / Logistics</td>
<td>37.1</td>
<td>50.6</td>
<td>+13.5</td>
</tr>
</tbody>
</table>

The highest number of selections are concentrated around the Information Systems & Technology, Corporate Planning and Customer Service functions with an average of about 75%. Predictions for 2010 indicate a growth overall, with these three areas maintaining their lead. Corporate Planning shows a significant growth of 9.0% achieving an 83.1% rating for its 2010 prediction. Similar 9.0% growth is noticed for Manufacturing / Service Operations (second last ranked). However, the highest forecast growth of 13.5%, for the importance of knowledge to business belongs to Distribution / Logistics (which maintains its position at the bottom) which increases from 37.1% currently to 50.6% for the year 2010.

This is graphically illustrated in Figure 30 below.
Figure 30 Where is the business knowledge important?

It is interesting to observe that Research and Development (R&D), which might intuitively be understood to be an area where knowledge is important, records the lowest level of growth, almost stagnating, at an insignificant 1.1%, according to the forecast estimates.

The Company View of Knowledge

For the next question the respondents were asked to articulate to what extent they agree or disagree with a number of knowledge related statements. The overwhelming majority of 99% agreed or strongly agreed with the fact that "Knowledge possessed by key people should be shared". In support of this finding, disagreement or strong disagreement results of 84% have been recorded against the concept that 'People need only to be informed on a 'need-to-know' basis'. These results are shown in Figure 31.

A significant number of respondents (91%) agree that "knowledge is power". At the same time people display positive beliefs towards the potential value of formal Knowledge Management systems in enhancing
KM (91%) as well as the tacit knowledge related opinion that 'Most of knowledge lies in the heads of certain people' (82%).

![The Company View of the Knowledge](image)

**Figure 31** The company view of knowledge

In the “middle of the pack” the views are divided towards the 'Knowledge is 'hidden' and not easily identifiable option' with 42.7% disagreement and 40.4% agreement. However the respondent base appears to be clearly polarized towards disagreeing with the concept of regarding KM as a fad to be replaced in few years (85%).

**The Use of Technology to Assist the Management of Knowledge**

The participants were asked to advise status of the use of specific technologies to support Knowledge Management applications within their organisations.

Out of the provided responses the extensive use of Email (84.3%), Intranet (75.3%), Internet and On-line information sources (64.0%) appear to dominate the ranking as demonstrated in Figure 32. The use of Document repositories and Document management applications also score consistently high percentages under extensive use (43.8%), *used to a certain extent* (31.5%) or *plan to use* (14.6%). Use of Data warehousing and Data mining (16.9%) as well as Search and retrieval agent applications (13.5%) also appear to be planned. Video-conferencing comes into view as an interesting case of inconclusive results as it appears to be *used to a certain extent* (44.9%) as well as having a noticeable 25.8% response rate under *No plans to use*. Finally, around a third of respondents have no plans to use Groupware (30.3%) or 'Chat or messenger software applications' (36.0%), the last one probably due to concerns regarding the risk of efficiency losses due to non work related chatter during business hours.
Learning Budget over the Last Five Years

Among the four options available for selection (Figure 33 below) half of the respondents, 51.7% voted for 'Increase', with 27.0% choosing 'Remained the same', followed by responses of 'Decrease' of only 13.5% and a non representative 4.5% of 'Don't know'.

Figure 32 Knowledge Management technologies

Figure 33 Learning budgets
Cultural Aspects of Knowledge Management

The importance of organisational culture in successful Knowledge Management efforts continues to be of high significance. In addition, factors like management support and effective motivational tools in conjunction with a knowledge-oriented culture and the right organisational infrastructure become interrelated and critical in successful KM (Davenport, De Long & Beers, 1998). This section addresses the dominant cultural aspects of KM, with the related issues and obstacles that Australian organisations face by analysing respondents’ views, the majority of them, senior managers (70%).

The Knowledge Scale

The respondents were asked to indicate whether some major KM activities such as knowledge sharing, learning, innovation and rewarding happen constantly, occasionally, or perhaps never. The results are presented in Figure 34 below.

Despite the fact that a majority of 78% identified themselves as being part of organisations that would 'Encourage people to share / bring new ideas', and almost at the same extent (76%) would support learning new skills, the opinions appear to be still divided regarding the effective management of learning and knowledge acquisition, 52% most of the time and 43% occasionally. In addition comes exploitation of knowledge to its fullest potential with 55% quite often against 38% occasionally.

At the opposite end of the spectrum, on a less positive note, only 10% of the respondents indicated that in their organisations sharing knowledge is explicitly rewarded. This is backed up by 20.2% of respondents ranking this activity as never occurring or 37% as occurring occasionally.

![The Knowledge Scale](image-url)

**Figure 34 The knowledge scale**
Issues and Obstacles in Knowledge Management

There are many aspects that could promote or hinder the successful development or implementation of a KM strategy. The following two final sections aimed to collect information related to a variety of KM issues and obstacles that are present in Australian organisations. The Organisation for Economic Co-operation and Development (2003) identified a number of these issues in the social nature of knowledge processes, the role of technology, knowledge capture and sharing, intellectual capital measurement, and cross-boundary processes.

Issues in Knowledge Management

In this section the participants were asked to provide textual responses by listing in brief the main issues regarding Knowledge Management that they feel are currently key to their organisations. From the survey data we found that 37 respondents returned written answers while 52 left this question blank.

Following a detailed analysis of the 37 written answers, 14 distinct categories were developed. Due to the fact that a number of respondents provided multiple reasons in their written text answers, the final count totals 52 selections. Figure 35 provides these results.

![Figure 35 Current KM issues in organisations](image-url)
Two issues had the most frequent occurrence. KM strategy development was seen as a major issue, with "It happens rather than is planned" or "Understanding and integrating KM into organisational strategy", being some of the answers received. The other issue related to the overall level of commitment towards KM, both among senior management and other staff members. Some of the responses provided here were: "Executive management commitment", "Most people agree with the principles, but won't commit the changing things", "Getting staff to embrace the concept" and "Gaining traction with our new initiatives".

A successful KM strategy implies encouraging a knowledge sharing culture. Not surprisingly, knowledge sharing issues come next on the scale and as stated in one of the answers: "Developing a culture of incentives to encourage meaningful sharing and contribution" exhibits strong links to the organisational culture issue which also appears to achieve high result in this survey. This matches the Australian Local Government Association (2004), view that "the key to KM is recognising it is a cultural issue". Another issue found in large organisations with a number of divisions or locations is "Sharing knowledge across organisational boundaries".

**Obstacles in Knowledge Management**

The participants were also asked to provide textual responses by listing a number of obstacles that prevent or hinder their company’s ability to move forward with the implementation of KM initiatives.

Out of the total 89 respondents, 39 provided written answers, with 50 leaving this question blank. As many respondents provided multiple reasons in their written text answers, the final count totalled 62 selections.

As anticipated some synergies can be noticed between the responses to perceived issues and the obstacles affecting KM projects. Commitment towards KM as well as organisational culture, both rank the highest in Figure 36. Some of the statements provided here were: "Convincing some of the staff they need to get on board the train" or "Changing the cultural mindset" or simply "Politics". Financial constraints are also recognised as being part of most barriers. Responses such as "Tension between learning ‘downtime’ and productivity / revenue earning" or "Management commitment & belief in ROI", or "Budgeting constraints" highlight the difficulties KM initiatives are facing in bottom-line driven operating environments.

Apprehension of giving up power appears to be another strong obstruction against KM implementation. Although technically this could be included as part of the overall list of cultural aspects it has been decided to be presented here separately due to the specificity and the strength of some of the messages received: “Insecure managers and the risk that critical knowledge can be easily stolen” and “…expertise, knowledge used as power".
Therefore for a KM strategy to succeed in the Australian business practice the presence of several key culturally related factors such as trust, genuine commitment towards KM at cross organisational level, management support for KM strategy delivery, a knowledge capture and sharing operating environment, and technology cannot be overlooked.
Conclusions

The results presented in this report give a preliminary analysis of the survey data collected for measuring the current Australian business understanding of the concept of Knowledge Management, and of the uptake trends of this concept in the corporate environment. The survey included respondents of various ages and educational backgrounds, from a representative spectrum across all states and territories and industry groups.

The picture of KM in Australia illustrated by the survey respondents shows both positive and negative attributes. Certainly we can suggest that there is a high awareness of knowledge issues, knowledge resources, knowledge tools and the concept of Knowledge Management. However, some results were problematic in that they show that there are still substantial obstacles to the implementation of Knowledge Management strategies.

Australian industry demonstrates a generally high awareness of the value of knowledge with active plans to acquire and exploit it. The value placed on knowledge is reinforced in the high response to formal mechanisms to managing knowledge and its relevance to corporate planning.

The number of knowledge workers has grown across all sectors, with increasing budgetary commitments to knowledge. This strongly demonstrates the value placed on knowledge however strategies to manage that knowledge are still underdeveloped in so far as might be applied to tracking and reuse of existing knowledge sources. This may be attributable to the infrequent formalisation of a central Knowledge Management role; although where one exists it is substantially concerned with the gathering, organisation and distribution of knowledge back to the organisation.

Of particular interest is the impression conjured by the survey questions in relation to knowledge cultures, to organisational issues key to Knowledge Management and to obstacles to the effective management of knowledge. The cultural inhibitor of knowledge being the source of power in organisations continues to impact KM implementation as employees continue to fear for jobs and promotion.

As has been evidenced in this technical report, self-reporting by organisations renders a picture of the understanding of Knowledge Management and of its uptake levels in Australia. This closely mirrors both case studies and theoretical Knowledge Management literature - it can be claimed that the sample evaluated is not only an accurate reflection of Australian organisations but that Knowledge Management practices in Australia are developing at similar levels. As with the rest of the world we still have some way to go in the effective sharing of organisational knowledge.

We conclude that for a KM strategy to succeed in Australian business practice the presence of several key cultural factors such as trust and genuine commitment towards KM at cross organisational level is essential. Other important factors identified in this study including management support for KM strategy delivery, a corresponding knowledge capture and
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sharing operating environment, and appropriate technology support cannot be overlooked.
References


