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Apart from the fact that a traditional approach that emphasizes capturing knowledge in databases, manuals, books, and reports and then sharing it in hard form has become dated, there is no clear-cut understanding or widely shared definitions of knowledge, even though there has been a deluge of literature on knowledge management in the recent past. Rather, in the process, the confusion that prevailed earlier has become more complex.

Brooking (1999) defines *knowledge* as information in context with understanding to apply that knowledge. Also, she defines *data* as facts and information organized in context. However, sometimes knowledge becomes information if it helps in making proper decisions and actions. *Knowledge* refers to the subsequent absorption (often, but not always, by reading), assimilation, understanding, and appreciation of that information. Therefore, some assert that knowledge is an essence drawn from data and information; knowledge is highly context sensitive. Moreover, Scholl (1998) argues, "one person's information can be another person's data," so knowledge is also individual sensitive. If we think further on these lines, we can say that knowledge is culture, region, or language sensitive. Sociologists might argue that knowledge is dominance sensitive, which means knowledge is what dominant people, organizations, or societies know is not what others know. Most of us make distinctions between knowledge as an object or stock of facts

and figures and as a process by which the stock was increased. Others draw the line between knowledge and information; as Starbuck (1992, 716) puts it, "knowledge is a stock of expertise, not a flow of information. Thus, knowledge relates to information in the way that asset relates to income."

This recent detection that knowledge is not simply an object and hence knowledge management is a people process marks a shift in emphasis of knowledge management. This in turn has led to much debate about how to describe and theorize about such knowledge. Different theorists use different terms to distinguish between the types of knowledge. Almost all tend to view knowledge as a dichotomy and have split it in a number of ways, ranging from structured and unstructured knowledge to formal and informal knowledge to explicit and tacit knowledge to hard and soft knowledge. Albeit with some degree of nuance, structured, formal, explicit, and hard knowledge are more or less capture/codify/store/distribute types whereas unstructured, informal, tacit, and soft knowledge are the ones which we can say (not without objection) do not fall in the previous category. Within the informal/soft category is knowledge that is present but inexpressible, "indwelling" knowledge, both unspeakable and unspoken knowledge, and both untapped and tacit knowledge. On the other hand, we have Nonaka's spiral of knowledge (1991), which talks about making tacit knowledge explicit. For example, we get books about how to play cricket or how to be a good housewife, but even then, not all tacit knowledge can or needs to be converted to hard form. Therefore, Nonaka's view, if seen in the light of the preceding argument, is mistaken by definition.

Wenger (1998) tried to explain knowledge in a social context. According to him, learning is a social participation; that is, it is a process in which people are not only the active participants in the practice of a community, but also because of learning, they develop their own identities in relation to the community. He describes participation as "the social experience of living in the world in terms of membership in social communities and active involvement in social enterprises" (55). For him, participation requires active involvement in social processes. It involves participants not just in translating the reified description/prescription

into embodied experience, but in recontextualizing its meaning. Wenger describes participation as essential for getting around the potential stiffness or, alternatively, the ambiguity. He further argues that this participation dimension remains vague without the other constituent process that makes up the negotiations of meaning: reification giving concrete form to something abstract. By reification, he meant taking that which is abstract and turning it into a congealed form, represented in documents and symbols, for example. Reification is essential for preventing fluid and informal group activity from getting in the way of coordination and mutual understanding. Reification on its own, and insufficiently supported, is not able to support the learning process. So as opposed to theorists mentioned earlier, for Wenger the idea of dichotomy is not an appropriate one, as participation is indeterminate without reification and vice versa. Therefore, participation and reification are indivisible, that is to say, soft and hard aspects of knowledge are so well entwined with each other that they are not separable.

As per Wenger, participation leaves no ambiguity where as reification leads everything to vagueness. "If participation prevails—if most of what matters is left unreified—then these may not be enough material to anchor the specificities of coordination and to uncover diverging assumptions. This is why lawyers want everything in writing" (65). But we know there can be no complete contract, which leaves no scope for ambiguity, so the possibility of moral hazard still remains even in most detailed contract. "If reification prevails if everything is reified but with little opportunity for shared experience and interactive negotiation, then there may not be enough overlap in participation to recover a coordinated relevant or generative meaning. This helps explain why putting everything in writing does not seem to solve all the problems" (Wenger 1998, 65). A classic example of this is a Supreme Court judgement against burning firecrackers or using loud speakers beyond certain decibels. Such rules, even if penned down, cannot be enforced because this kind of regulation comes more due to general increase in the standards of civic behavior and because the forceful enforcement of such a rule is impossible as the cost of execution is infinite.

Some theorists who focus on the knowledge of an organization are of the view that in any organization, the organization's self knowledge—knowing what the organization knows—and organization's resource knowledge—knowing who knows what—are equally important. Similarly, others differentiate between information and know-how, while Cook and Duguid make a distinction between know-how and know-what: "the organizational knowledge that constitutes 'core competency' is more than 'know-what' explicit knowledge which may be shared by several. A core competency requires the more elusive 'know-how'—the particular ability to put 'know-what' into practice" (Hildreth and Kimble 2002, 91).

KMPG (1999) identified the role of knowledge management (in the case of for-profit organizations) as being to improve the organization's competitive advantage. This can be done through improving customer focus; developing employees; innovating products; sharing best practices; working in new ways; creating additional business opportunities; and/or improving productivity, revenue growth, and profit, i.e., performance. It allows the organization to achieve faster response to key business issues and better decision making, customer handling, and employee skills. In turn, this means less reinvention of the wheel; the ability to access information more quickly and turn round customer queries more quickly, to track customer histories and contacts, etc. In practice, very few organizations are able to achieve benefits of even some of the points. The failure is due to wide range of factors—from humans to man-machine interaction to much more important human-to-human interaction. Due to lack of trust, knowledge sharing does not take place; therefore, there has to be trust of technology as well as on fellow workers. It is easy to trust fellow workers or machines that are spatially in close proximity; however, this may not always be true, especially as distance increases. This brings the issue of co-location versus remote location and the technology that can support information sharing with remote colleagues and organizational sites. It is argued that only in the presence of co-location can knowledge management truly be performed because trust requires proximity of space. Therefore, the apprehension presented by Friedman

(2005) in his book *The World Is Flat* that many U.S. jobs are or will be contested by Chinese and Indians because of outsourcing is incorrect. Leamer (2006, 24) rightly points out "this strikes me as rather far from reality. It is only the mundane codifiable tasks in tradeables for which there are global markets." The trepidation in the West that India is fast becoming the back office of the world is unfounded as the type of work being offloaded to India is mostly that which requires little creativity.

The debate of knowledge management automatically spills over to intellectual capital as well. Brooking (1997, 12) defines intellectual capital as the "combined intangible assets which enable the company to function." It can be split into three categories—market assets, intellectual property assets, and human-centered assets. Intellectual property rights (IPRs) such as brand names, trademarks, patents, and copyrights do fall in this category, and a lot of other intangibles also fall in this category.

As the current accounting method is based on the age-old land, labor, and capital model, it faces tremendous difficulty in incorporating intellectual capital in the accounting framework. Valuing intellectual capital is fraught with risk, and placing a monetary value on intangible assets creates the potential for abuse. Even well-intentioned, honorable companies are vulnerable to lawsuits for misrepresentation if their honest projections prove wrong. In any case, incorporating IPRs is not as difficult because they can be quantified by looking into the statistics of royalty payment, etc., but intangibles like knowledge of an employee are still a challenge to quantify. However, experts are trying to do something to integrate these new dimensions, necessary since most knowledge-based firms are valued more than others in spite of lesser sales and lesser fixed assets and their market capitalization is more.

The employer-employee relationship is also different in knowledge-based companies; employees get huge salaries because the companies know that the knowledge or intellectual capital resides in the employees. These companies want their employees to be loyal to them and keep the rate of attrition to minimum. Moreover, to do away with the principal agent problem, for the owners of such companies, it is more important to create a bigger pie and distribute a certain amount of it to its employees,

so they feel like owners and remain more loyal than owning a smaller pie alone. Huge salaries of CEOs and employee stock options are in vogue for the same reason. However, the skyrocketing salaries of CEOs have not been able to fully keep up with the principal agent problem, verified in plenty of literature.

After economic reforms in India, the words *downsizing* and *rightsizing* have been quite in style as cost-cutting measures in public sector undertakings. However, due to a Voluntary Retirement Scheme (VRS), the most efficient and knowledgeable employees are the first ones to leave the job as they can get better salaries elsewhere. Moreover, in the banking industry and those industries that require technical knowledge apart from computer operating knowledge, one more problem arises—the younger or newly recruited staff is more computer savvy, whereas the older staff is more deft in the other technical aspects, so removing or replacing the older staff with the younger one complicates the problem rather than solving it. To manage knowledge in such situation is difficult to remove, a problem termed by Eisenberg as "dumb-sizing" (Ahlering and Smallman 2001).

Banking sector reforms in India emphasized the way public sector banks should treat their customers to increase profits. The results of these reforms can be seen at any bank counter, especially in a big city like Mumbai or Delhi, where the office ambience and dealings have been made more customer friendly, especially in the private banks. According to Scholl (1998), "The degree to which a supplier becomes indispensable to his customer is the benchmark for the worth of the supplier's capital. A supplier is successful if customers value his product more when they have the other supplier's product as well than when they have his product alone. Similarly, the other side to it is a supplier is more successful if he makes customers feel important even when he is supplying to others as well than when he is supplying to that particular customer alone." In the age of competition, this is the thumb rule for any company to judge its success. Universal banking, where the banks provide all types of banking products under one roof, hassle-free banking, and opening malls in nearly all the big cities of the country so that the customer gets all that he needs with minimum search and effort are good examples in this regard.

In such a case, how organizations are going to upgrade themselves to cope with the changing circumstances becomes an imperative issue. Organizations do not learn, but people do; however, not every organization where people learn translates to organizational learning unless they have some incentive to defuse their learning to others in the organization. Sometimes learning itself creates problems. Learning requires acceptance of new ideas, which is not painless. The experts[1] are the most stubborn and hence bad learners, whereas beginners are the better learners. Argyris and Schön (1996) have defined the concept of "single versus double loop learning." They say that as the experts have been performing so well over the years, if anything goes wrong, they try to recheck it in the same manner because that particular method has given them results for so long, but beginners are able to question the method as well and so have a wider vision to tackle any problem, which they define as a double loop.

However, insight does not make much difference unless that translates to change in behavior. For example, a drug addict might know that using drugs is bad but is unable to leave the habit until some psychiatric therapist/psychoanalyst helps him, that is why the argument of Cook and Duguid (Hildreth and Kimble 2002) mentioned earlier becomes all the more relevant. The glaring example of this is the Macintosh operating system. Apple had the chance to license out its operating system even after Microsoft Windows had come into the market, but they stubbornly refused to change their strategy and saw a monopoly being created of something they introduced to market first. This type of blunder occurs because even though the organization knows about the threat, it does nothing about it until it considers the threat big enough to wipe out the organization. Sometimes the organization's setting does not allow employees to take remedial action even when they know the magnitude of the threat. However, organizations can perceive the threat to be bigger than it actually is and accept defeat rather than change their strategy to cope with the new challenge. The case of selling Thumps-up and Limca brands to Coca-Cola by Parle Soft Drinks

[1]Experts and beginners here have been used both for individuals as well as organizations.

is an example in India. Many of the companies that were sold to Microsoft like Lotus 123 also fall in this category.

Things are easier said than done. How can an organization learn? Or upon what is learning dependent? Is it dependent on whether the organization is a dominant or recessive one? Is every recessive organization supposed to learn what dominant organizations know or do? Though this argument may seem correct because most smaller organizations take cues from the bigger and successful ones, there are innumerable examples to refute it as well. The case of Microsoft and Intel is the most glaring one—both companies started as ancillaries of IBM but surpassed it because of more innovative style. So the strategies organizations can adopt to learn depend on the organizational structure and culture and whether the employees and the organization are empowered.

Empowerment brings decentralized decision making and responsibility. In organizations where empowerment is less and wrong results are punished, there is a fear to be innovative. Empowerment creates an environment where everyone is encouraged to make decisions in autonomous ways and to feel that they are in control of outcome for which they have accepted responsibility. Organizational empowerment is dependent on three factors—leader, employee, and organization. Leaders have to influence others by creating content so that empowerment is nurtured, which gives people freedom to act and innovate. He or she has to create an atmosphere of inclusion and should allow new ideas to penetrate the decision-making process. It is also imperative that leaders clearly define the mandate, which includes both the ultimate objective and the limitations within which employee is free to act. The leaders should not delegate and disappear; they should train and give resources to people. Employees, on the other hand, have to behave in a self-empowering way; they must be willing to put their thoughts on the table to expose them for scrutiny. They have to be team players and most importantly must be ready to accept responsibility. Lastly, the organization has to decentralize its decision making and functioning, and the organizational structure has to align processes, goals, structure, people, and rewards with one another. No organization is fully

empowered or un-empowered. Empowerment is a matter of degrees. Organizations that are too hierarchical (or less empowered) so not change easily.

Change and learning are different, but they are related as well and usually positively correlated; however, the causality runs from learning to change. According to Scholl (1998), "organizations have to match the pace of learning and change both. The combination of the rate of paces of both change and learning decides the 'vitality' of that organization." However, there are quite a few exceptions to Scholl's argument that "the organizations which are fast learners and more prone to change do better and live longer." One such organization is government, which is slow to change, very hierarchical, and a bad learner, but it still survives in one form or another in nearly all the places where humans live. Performance is also a debatable issue—for organizations that are for-profit, it is more or less easily determinable, but for not-for-profit organizations, good performance is vague and probably the minimum difference between what the organization wants to do and what it achieves. For example, religious organizations may have different objectives—hence learning and change not always fit into their agenda—but they generally live longer and as per their yardstick do better.

Does every organization want to live long? Not always. Mahatma Gandhi, one of the greatest pragmatic philosophers and political leaders of the twentieth century, wanted to abandon the Congress once India got independence because he felt the organization's mission had been accomplished. Most did not agree with his views, but the argument stands. Similarly, life of any for-profit organization can be small, though it may be successful as long as it stays in business. This is particularly true with knowledge-based companies, which, as mentioned earlier, have high market capitalization in spite of having very few assets that enable easy entry and exit for these companies.

Every organization must adapt to the changing conditions, environment, and circumstances in which it operates. Changes outside the organization are beyond its control and hence exogenous. Changes that occur inside are often endogenous (though many times the atmosphere within the organization is

also determined by exogenous factors), so they have to be given a direction that is beneficial for the organization and its constituents. Therefore, for any organization to optimize its performance (even if it means selling it in profit or abandoning it for a cause predetermined), it must keep in view the changing scenario. The organizations that are able to understand and act accordingly can be considered successful.

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