

## The relevance of knowledge management in the context of leadership

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### Summary

Research Question:	Is knowledge management still a relevant topic in organizations? How are the topics knowledge management and leadership connected?
Methods:	Literature review combined with theoretical consideration
Results:	Knowledge Management translated into a communication method for leaders
Structure of the article:	Introduction; Theoretical Background; Practical Application, Conclusions; About the Authors; Bibliography

### 1. Introduction

The term knowledge management has been a main topic of discussion in the scientific world and offers a variety of different guidelines on how to implement it in practice (Kilian, 2007). The evolution of the research field at the beginning of the 1900s, is based on a faster technological development and technology changes. Thus, the increasing influence of knowledge and knowledge development in society as well as in organizations (Mandl & Krause, 2001), has resulted in a heterogenous research and application field (North, 2011). Especially in the business context knowledge has been identified as a key factor of production, even more important than work and capital, as multiple researchers have been pointing out (see e.g. Leher, 2012; Nonaka, 2001, Nonaka 2008; Rehäuser & Krcmar 1996).

Today however, the hype about the topic of knowledge management seems to decrease in favor of other trends like digitalization.

What is the reason for this development?

Does this mean that the amount of knowledge which individuals and organizations need to manage, share and store has been reduced? Or has the relevance of existing knowledge become less important to be innovative in the future? Are companies already perfectly organized and able to manage their information and knowledge systematically?

A study conducted by the Fraunhofer Institute suggests that intellectual capital and human capital are still the major levers for company success now and in the future. It also reveals the importance of employee motivation, knowledge acquisition and leadership. The major challenge, the study concludes however, are employee

motivation, collaboration and knowledge transfer (Orth et al., 2014).

This possibly suggests that the “management of knowledge” hits the same limitations as the “management of employees”. So maybe a combination of people and knowledge management in the context of leadership could provide a framework to meet the challenges of the future. Based on these first elaborations, the goal of this paper is to reflect on the connection between the topic of knowledge management and people management which we usually call leadership. As a first step, the concept of knowledge management will be presented and in a second step, reflected based on latest leadership models.

## 2. What is knowledge management?

The term of “knowledge management” is used very differently in research and in organizations. There are more technocratically driven approaches which try to gather professional knowledge with the help of IT-systems. Expert knowledge is collected and displaced in data-bases, directories with existing knowledge are created (e.g. knowledge cards), or process descriptions are provided to the employees for autonomous usage. (Lehner, 2012) Behavior-oriented approaches do focus on humans and their behavior. The idea here is to use communities for knowledge exchange or to simulate communicative behavior through innovative office design. (Lehner, 2012)

From a practical perspective, more holistic and pragmatic models, which bring technology and the people together are most relevant. The Munich reference model of knowledge management is such a holistic approach and based on psychological principles. Humans are the key element of knowledge management processes because many measures are not successful because of psychological barriers. (Reinmann-Rothmeier & Mandl, 2004)

The Munich model’s core is focusing on four dimensions of knowledge management: knowledge documentation, knowledge communication, knowledge generation and knowledge utilization.

The element of knowledge documentation includes all methods and processes that can be implemented to make knowledge transparent (Gretsch, 2012). Knowledge communication includes all processes and methods for sharing and disseminating knowledge

within an organization (Reinmann-Rothmeier, 2001). The dimension of knowledge generation describes a “learning organization” which must develop a competitive advantage through innovative ideas (Gretsch, 2012). Processes like external knowledge transfer, the creation of networks and the collaborative and individual knowledge development play an important role here (Reinmann-Rothmeier & Mandl, 1999). The documentation and the communication of knowledge are crucial for this dimension of knowledge management. Only the fact that knowledge has been represented, communicated and generated does not automatically mean that it is or can be applied (Gretsch, 2012). Knowledge utilization means that knowledge is used in decision making processes and actions, as well as for the design and creation of products and services.

Are these dimensions still relevant in organizations today? More than ever, enterprises are competing in international markets. They are asked to use their advances in knowledge to create innovative products and services. A study conducted by Pawlowsky, Gözalan and Schmidt (2011) describes a correlation between the implementation magnitude of knowledge management and employee motivation as well as the ability of organizations to innovate

Additionally, in times of “fake-news” and “alternative facts” the validation of knowledge is getting more important. Managing knowledge on a process level is not enough. The same accounts for classic management concepts where resources and processes are the bases to achieve results. The next chapter will look further into this topic by presenting insight into the classic management context.

## 3. What do we understand under the term “classic management”?

Fredmund Malik (2000) as an example, considers management as a profession. Regarding Malik (2005), leaders are successful if they know their tasks, can apply basic management tools, know the principles of effective management as well as about their responsibility as a leader. Important management tasks are providing objective, organizing, making decisions, supervising, developing and promoting people. Tools for effective management are for example meetings, reports, budgeting and performance evaluation.

All these aspects are relevant and necessary and they are a very good basis to manage processes and operative workflows with the goals of completing tasks and to reduce complexity. These transactional leadership aspects are a good starting point, but for the challenges in today's business context this is not enough. The management of knowledge is not part of classic management practice and not mentioned explicitly. If we look at the theory of transformational leadership on the other hand, other leadership dimensions are especially useful for more dynamic environments.

#### 4. What do we understand when we talk about transformational leadership?

Bass (2006) describes the core of transformational leadership with four components: idealized influence, inspirational motivation, intellectual stimulation and individualized consideration.

**Idealized influence** – transformational leaders are role models for their followers, they are trusted and respected. In addition, they take on responsibility for their decisions, they are consistent and reasonable in their actions. Ethical and moral standards are the basis for leaders to establish a trustful environment for employees. In such an environment, knowledge is not any longer seen as source of power and therefore more likely shared with others.

To influence people this is an important starting point, yet what can help leaders is to be recognized as charismatic or someone that is able to influence others. Based on an idea from Horcher (2015) on what makes people charismatic three aspects can be considered at a glance: attitude, authenticity and emotional intelligence.

**Inspirational motivation** – Leaders describe goals and results in the context of the organizations' vision and mission and can give the work a meaning and spread pride for success within the organization. With this approach, leaders can motivate their followers. Idealized influence and inspirational motivation are normally combined to one single factor the "charismatic-inspirational leadership".

Charismatic and inspirational leaders utilize information and knowledge to base their decisions on, share with their followers and make their reasoning more

transparent to others. This is an important basis for trust and respect.

**Intellectual stimulation** – A key element of intellectual stimulation refers to how people solve problems and are also willing to question the status quo. The manager creates a nurturing ground for innovation and creative problem solving by actively engaging employees in the development of ideas and solutions. It is not the leader who presents the best way on how to do something, but it is rather a group effort in which the intellect of each individual is stimulated. This aspect of transformational leadership does not only inspire knowledge exchange but also the further development of existing knowledge and the creation of new knowledge. Intellectual stimulation from that perspective also relates to the SECI model designed by Nonaka and Konno (2012) with the idea of the "knowledge spiral". From this perspective, a dynamic transformation process from implicit to explicit knowledge funnels the spiral and this leads to the creation of new knowledge on individual and organizational levels.

Through the process of *socialization* implicit knowledge is transferred from one individual to another. The exchange of experiences is an example for this process (see Nonaka & Konno, 2012). The process of *externalization* transforms implicit knowledge partially into explicit knowledge. As implicit knowledge cannot be easily verbalized this happens through stories, metaphors or analogies. The process of *combination* then connects explicit knowledge with explicit knowledge and thus creates a more complex knowledge base. In this phase, different levels of expertise are connected and different knowledge resources integrated (see Nonaka & Konno, 2012). In the context of *internalization* explicit knowledge from various sources will then be transformed into implicit knowledge through the individual. It is of course highly important that the individual actually recognizes which knowledge is relevant. As Bass (2006) describes it, a key element of transformational leadership is about imparting new perspectives and supporting the individual to create new experiences and implicit knowledge.

**Individualized consideration** – The concept of individualized consideration focusses on the individual and flexible support of employees based on the situation (Bass, 2006). Diversity in the team is considered as an

opportunity. Overall the leader acts as a coach or mentor and thus stimulates the development of new experiences and knowledge. It is important to develop the skillset and knowledge of employees on an individual basis. The one size fits all approach does not work in the context of knowledge creation as different people have different levels of experience. Based on Malik (2000) the following aspects should be considered to foster knowledge creation and development.

**The right task for the right person.** The task should be bigger, more difficult and require the application of a higher level of knowledge than what the person has done so far. A lot of times managers then ask the question of how to find the best suited task to stimulate knowledge creation. In this context, the Flow-Modell by Csikszentmihalyi (1985) can be a helpful reference. The model explains how flow – a phenomenon in which people are deeply concentrated and thus forget time and everything around them while being intensely involved with their task. Yet is this a status in which new knowledge is created and learning occurs? Following Csikszentmihalyi (1985) model the magnitude of the task and the level of knowledge and competence required for the task are perfectly aligned. So, flow is based on existing knowledge. Consequently, the leader would choose a task slightly above the flow line - as depicted in the graph (see Meixner & Winkler, 2015).

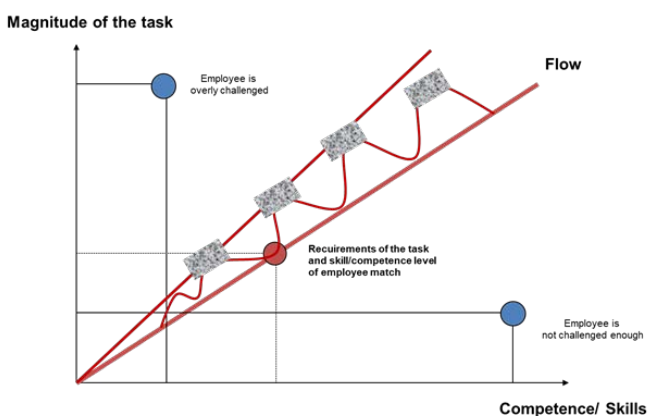


Fig. 1 Magnitude of task in relation to employee competence – based on the Flow-Model by Csikszentmihalyi (1985) cited based on Meixner und Winkler (2015)

In addition to the core element to stimulate knowledge creation in employees, other aspects are also relevant as Malik (2000) points out.

**Developing strength.** To support the development of new competencies and knowledge, to focus on existing strength as opposed to focusing on weaknesses. Malik (2000) points out that with this approach, not only the employee motivation is prompted in a positive way, also the amount of work necessary to get from “good” to “great” is much less than from “mediocre” to “good”.

**The “right” boss.** “What kind of boss does a person need to get to the next step?” asks Malik (2006, p. 249). Having a boss as an example who engages in learning and development him or herself and takes responsibility for knowledge creation is also important to be able to stimulate individual development. Last but not least Malik (2000) proposes to also pay attention to the following point.

**The “right” position.** As a leader with a strong focus on developing and coaching people individually, a constant reflection and evaluation of the person-position fit is important not only to stimulate knowledge management processes but also to stimulate performance and motivation.

Considering all elements of transformational leadership, it is quite clear that knowledge management is considered as an inherent element. Ultimately it is not about considering knowledge management as a process but integrating into the day-to-day leadership interactions. How this can explicitly look like will be presented in the next paragraph.

## 5. Knowledge management and leadership translated into a method

Based on the BRIEF Methodology the connection between knowledge management and leadership will be explained from a practice point of view.

The methodology developed by Joseph McCormack (2014) is an example of how leaders can be supported in the processes of knowledge representation and communication with the goal to further the employees’ development and utilization of new knowledge. Especially in the context of communication to employees, a lot of core topics are lost or misunderstandings happen as leaders are rarely able to capture the attention of their audience long enough to bring the message across (McCormack, 2014). In

communication scenarios, a lot of times an overload of information is created and people are often interrupted and distracted by other things so that knowledge creation is either limited or even inhibited. For these reasons McCormack (2014) suggests working with a tool called a “narrative map”. The idea is to present information and knowledge through a clearly structured, short and concise story.



Fig. 2 Narrative map based on McCormack (2014) S.

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Figure 2 provides an overview on how the story line is mapped and how the narrative map can serve as a basis structure for the communication of information and knowledge in organizations.

McCormack (2014) showed how to work clockwise through the map. You start by creating the core message in the center.

**Headline.** At the center of the narrative map is the core message designed as a headline. It focusses on presenting the key element of the story in a very clearly and concise way. The Headline addresses the question of “what”.

**Challenge.** This part contains the problem or challenge that needs to be addressed. The Challenge addresses the question of “why”.

**Opportunity.** This part contains the AHA-moment of the story. It should be defined based on the „What-if-principle”. The opportunity or chance should be

described in the context of “what if the challenge/problem would be solved”. So, it defines the future state if the challenge is overcome.

**Supportive Argument.** This element of the narrative map focusses on the question of “how”. Therefore, more than one supportive argument can be described in the story line, usually 3-4. Above 4, the question comes up if it is still a concise storyline or if the level of detail is too much. The supportive arguments describe focus on the specifics of how the problem will be solved. McCormack (2014) makes it very clear that it is important to focus on a few key elements to ensure focus.

**Payoff.** An excellent story needs a final engaging wrap-up. In the payoff part, the final result of what should be achieved is presented.

Narrative mapping is not only helpful in the context of leadership communication but can also support the individual knowledge representation in the analysis of texts and articles. Additionally, narrative maps can help to structure one’s own thoughts as it provides a logical and systematic visualization of core thoughts and thus can reduce complexity.

The method of narrative mapping clearly shows the close connection between knowledge management and leadership especially in times where the complexity of knowledge and information is constantly increasing.

## 6. Conclusion

How the future of work operates and how knowledge workers are motivated and stimulated is a topic which also needs the consideration of what sort of leadership is required (see e.g. Hofmann, 2010). A more people centric approach to knowledge management with a strong focus on psychological aspects has already been proposed by Reinmann-Rothmeier and Mandl (2004). A fully integrated leadership model with a strong focus on knowledge management is not yet available, however thorough consideration of the transformational leadership model as described in this paper very clearly exposes, the model includes inherent reference to knowledge management. A much closer look on how leaders can stimulate all elements of knowledge management and make the knowledge spiral a constant reality will be a fruitful endeavor for future applied

research designs. Successful and meaningful leadership today needs a balance between classic management principles as well as knowledge-oriented leadership. The tools and experiences developed in the context of knowledge management during the last decade can support leaders in their effort to stimulate the knowledge spiral.

## 7. About the Authors

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