Knowledge management in Non-Profit Organizations
A case study of the World Bank

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Abstract

The author of this paper seeks to explore what strategies are available for a multinational organization to manage knowledge, and to what extent a non-profit organization (NPO) have applied the same tools for managing knowledge within the organization as a multinational corporation (MNC). Through studying how knowledge flows within a MNC (Nonaka et al., 1995; Polanyi, 1966; Dani, 2006; DeNisi et al., 2003; Szulanski, 1996) and then analyzing the strategies for handling these flows the thesis will have presented a picture of Knowledge Management (KM), the processes for dealing with learning in the organization, which can then be compared to how KM works in a NPO – the World Bank. Through this comparison, this case study shows that all strategies employed by the World Bank are also used in MNCs, giving us the indication that NPOs can adapt KM strategies from MNCs and face many of the same challenges as an MNC does.
Definitions
Some of this thesis central concepts will be presented here to give the reader greater clarity when

Non Profit Organization
A Non-profit Organization (NPO), is “a corporation or an association that conducts business for the benefit of the general public without shareholders and without a profit motive” (legal-dictionary.com, 2010). This organization would not distribute any surplus of income to its owners, but rather reinvests it in the organization in order to further pursue its goals (The International Center for Not-For-Profit Law, 2010).

Multinational Organization
A Multinational Organization (MNC) is a corporation which manages does business in more than one country. So that the organization has headquarters in one country, and operates in several other countries where they do not have a headquarter (Christos & Sugden, 2000).

Knowledge management
Knowledge Management (KM), “relates to both theory and practice, where its central issues are people and learning, ...and the role of IT is mainly as a useful enabler rather than a central tenet of KM” (McAdam &McCreedy, 1999) “It can be defined in terms of processes of knowledge creation, followed by interpretation, knowledge dissemination and use, and knowledge retention and refinement” (Jarnet, 1996).

Stickiness
Stickiness is the term used to describe the difficulties associated with capturing and transferring tacit knowledge within an organization (Szulanski, 1996).
1 Background

We are living in a society today, where knowledge has been described as the only source of sustainable competitive advantage (Drucker, 1988), and although the amount of knowledge available to the people in an organization has a drastic effect on performance, there is relatively little known about how to create and manage it.

The amount of knowledge which is available to a company’s employees is likely to affect the company in the form of; the amount of redundant work done, reinventing the wheel, training of new employees, and how much of an employee’s knowledge capital which stays within the organization when the employee leaves. So the way by which a organization manages its knowledge, determines the amount of knowledge available to each employee to take action upon, and is therefore a vital part of how a company can create sustainable competitive advantage. KM is the key to running an effective organization, simply because most business activities are knowledge activities (Hammer, 2010).

The importance of questions regarding the management of knowledge and intellectual capital became even more apparent as the Western world moved into an age where competitive advantage is no longer defined by production capacity, but by the aggregate intellectual capacity of a company (Nonaka, 1995). An age where companies no longer could sell everything they produced, and as consumers demands grew and competition toughened, the need for differentiation and improvement through intellectual capital grew with it. Most companies had therefore to accept that they now are part of a world in which a company’s knowledge and intellectual capital, and the way by which it is managed, are the key source of sustainable competitive advantage (Drucker, 1998). (DeNisi, Hitt & Jackson, 2003).

As the way knowledge is managed plays such an important role in the amount of knowledge available to a corporation, and therefore its competitive advantage as described by Drucker (1988) and DeNisi, Hitt & Jackson (2003), the question arises as to how organizations which are not MNCs manage the knowledge of their employees, and are driven by a different purpose. To what extent the tools and strategies available to an organization are affected by its purpose.

The way knowledge is managed is of key importance to the knowledge available to every employee, as most knowledge is sticky and unlikely to be shared with others.
(Szulanski, 1996) the tools available for an organization to incentivize knowledge sharing amongst its employees is likely to affect the organizations competitive advantage.

1.1 The World Bank
The World Bank, which is the organization this case study will focus on, is an organization comprised of over 10,000 employees with varied educations and competencies from over 160 countries. Two thirds are based in Washington DC, USA, and the rest spread out at offices in over 100 different countries (World Bank Homepage).

The structure of the Bank is similar to that of a cooperative, where the shareholders are made up of the 187 member countries. These members are represented by a board of governors, who in turn delegate specific assignments to 25 executive directors. The five largest investors in the World Bank, France, Germany, Japan, the United Kingdom, and the United States of America, have one executive each, and the remaining 182 countries are represented by the outstanding 20 executive directors (World Bank Homepage).

The World Bank Group committed $58.8 billion during the fiscal year 2009 to help countries struggling amid the global economic crisis (World Bank, annual report).

2 Problem
There are many types of organizations in our society, and what they have in common is that they are all means to achieve a common goal. Some organizations strive towards goals such as increasing the welfare of animals, and others strive towards increasing the return to their owners. What this study seeks to understand is the difference (if any) between managing knowledge in organizations with different types of motivations guiding their actions. There is extensive research done on MNCs, a type of organization which is driven by a strive towards sustained competitive advantage, increasing market share, and as high a return as possible over time (Drucker, 1988), but there is is less research done on NPOs.

Authors who have studied this area of business behaviour, such as Nonaka (1991) or Sensky (2002) have all studied MNCs, but this paper seeks to understand KM in other types of organizations which are not driven by profits, such as the World Bank.
Organizations which are defined by the type and amount of knowledge their employees have access to, but with different forces driving their activities.

The difference this paper bases its study on, is that a MNC is driven mainly by profit, whereas a NPO is driven by achieving a goal in society and increasing the welfare for a target group. This difference of purpose, could also give managers different tools for motivating and directing employees, as well as attracting different types of people to the organization. One example is that the salaries although good, are not competitive to what one could get at a MNC. One reason for this could be that NPOs want to attract people who work for a cause rather than a pay check, and also that it would send a wrong signal to sponsors and stakeholders if a large part of the money which is to go to a noble cause ends up in the pockets of the employees.

How does then this difference in what incentives are available for both the employees and the company as a whole, and the differences in organizational purpose affect the ways in which knowledge sharing and management can be incentivized? Is the monetary aspect a vital part of a MNCs knowledge management program, or can a NPO and a MNC use the same tools and methods for sharing their employees’ knowledge?

The aim of this paper is therefore to identify processes and tools, in order to evaluate if the methods employed by MNCs, are also are relevant and used in praxis by a multinational NPO.

The research questions are therefore:

What tools and strategies are available for a multinational organization to manage knowledge?

To what extent can MNCs and NPOs use the same tools and strategies for managing knowledge?
3 Theory

The theory chapter is threefold. Firstly; a general introduction of the main theories behind knowledge management. Secondly; an introduction of the theories behind how knowledge can be managed. And thirdly; a discussion and summary of how they apply to either MNCs or NPOs.

Most of the theory which will be presented in this thesis is based on studies done on MNCs, so at the end of this chapter there will be a discussion of which theories would be suitable for a NPO.

3.1 Knowledge flows

When working with the knowledge of individuals, it is important to understand the characteristics of the information with which I will work. The system which will manage the intellectual capital of the employees will have to deal with two types of knowledge, tacit and explicit (Nonaka & Takeuchi 1995).

Most knowledge an individual has, or at least most of the creative knowledge leading to discoveries, is tacit. The things people just know, and unlike explicit knowledge, cannot necessarily be quantify or explain easily. So any system for managing the knowledge of a company must not only provide a digital or formal system for managing the explicit information employees hold, but must also take into account how the employees can communicate and share tacit knowledge amongst each other under looser and less regulated forms (Polanyi M., 1966).

It is today common knowledge that the intellectual capital available to each employee, drastically affects the corporations competitive advantage. Knowledge identification is therefore already being done to some degree in many organizations, through instruction manuals or ‘how to’ guidelines. However, this is only a first step, as to fully exploit valuable knowledge, best practices must be identified and shared (Dani, 2006).

The attainment of sustainable competitive advantage, which is found in resources which are rare, valuable, and difficult to imitate, is one of the most important reasons MNCs should pursue an effective KM strategy, whereas a NPO is likely to be more focused on productivity than a competitive advantage. This is as amongst the many intangible assets a firm has, both in the form of human and intellectual capital, are certainly the most difficult to imitate by competitors, and may therefore be seen as the most
important part of a company’s competitive advantage. The ways in which an organization can manage this valuable resource, and by whom these methods can be used, therefore makes an interesting study for anyone interested in increasing their competitive advantage (DeNisi et al, 2003).

The flow of knowledge is however quite unpredictable and hard to run smoothly, which is described as stickiness of knowledge by Szulanski (1996). This stickiness is true both between firms and between co-workers. As Birkinshaw and co-writers (2007) show in their sample of 171 subsidiary units, that few companies have effective routines for sharing knowledge between different parts of the organization, and that when this process worked, it was because the transfer of knowledge was demand-driven and came as a result of a problematic search from the recipient of the knowledge. That although tacit knowledge is the vital part of knowledge needed for sustainable competitive advantage, it is sticky and difficult to transfer, and the flow of vital knowledge limited.

Today, the evidence that the evaluation of capabilities and knowledge within the MNC is far from perfect is considerable. Knowledge assets, by their nature, are hard for managers to evaluate and are rarely given much attention (Galunic and Rodan 1998). These challenges in combination with the sticky and dispersed nature of knowledge in any organization, and the result is often considerable disagreement between subsidiary units and HQ as to where valuable the valuable capabilities of the organization resides (Szulanski 1996).

3.1.1 Reverse knowledge flows

A Multinational Company is often exposed to the extra complexity of reverse knowledge flows due to acquisitions of companies in foreign markets to which they have expanded.

This reversed knowledge transfer, going from the subsidiary to the company headquarters, has determinants which are based on a different logic than the traditional transfer of knowledge, which is from the parent company to the subsidiary (Yang, Mudambi & Meyer, 2007). This transfer of knowledge from the subsidiary to the parent company is according to Yang and his co-authors (2007) characterized by the type of knowledge being transferred, and the characteristics of the organization within which the knowledge is being communicated.
According to the same authors, one of the most important aspects of the knowledge characteristic is the relevance, or similarity of the knowledge being transferred with that of previous knowledge contained within the knowledge bank receiver. This aspect, relevance, drastically affects the capacity of the receiver to absorb the information, and then further utilize it, making it a part of their own knowledge. Other influential factors such as host market competition, market dynamism, and culture distance also affect knowledge transfer, although few studies test the influence of these factors empirically.

3.2 How to manage knowledge

It has been claimed that knowledge is a lucid concept and difficult to measure, but what can an organization do to optimize each employee's access to the sum of his co-workers information and experiences. As this chapter will show, there are two ways of transferring knowledge within an organization; through interpersonal communication, or through data processing systems. And even before one can choose either of these approaches, one most map out the knowledge available within the organization, who knows what and what successful cases others could learn from.

According to Dani and his co-authors (2006), it is quite normal of companies to document a explicit best practice knowledge, for example in the form of performance evaluations after a project is finished, but in many cases the most valuable knowledge will not be explicit and easily documented, but tacit – a feeling someone has about how something should be done.

For that reason, knowledge sharing of best practice cases, need two critical elements in order to succeed according to Dani: Firstly, organizations need to build explicit knowledge into a best practice knowledge base which connects people with information; Secondly, they need to provide methods for sharing tacit knowledge such as communities of practice that can connect people with people (Dani et al, 2006).

A problem is that Common-sense ‘good practices’ are often not communicated to and within companies in a way that is understandable and usable although the method of modelling best practice knowledge and the resulting model structure are critically important for the successful reuse of best practice knowledge (Dani et al, 2006).
3.2.1 Incentives for sharing knowledge

The organization with an efficient knowledge management system is able to increase network connectivity both within the organization and with external parties and in turn leverage expertise available throughout the organization to facilitate and manage the innovation and organizational learning. This increased knowledge surface should in turn lead to improvements such in the time and energy needed to solve difficult problems and utilize the creative capacity of the organizations employees, producing shorter new product development cycles.

Then with all these strong arguments for sharing the knowledge you have with the rest of the corporation, why is it still a problem for many companies? According to Szulanski (1996), the reason for tacit knowledge transfer to begin with, is usually a communication of a best practice case. One person or business unit is good at doing something, and another person or unit would benefit from deriving that knowledge.

Knowledge transfer from one unit to another is then a process of four steps according to Szulanski (1996); initiation, implementation, ramp-up, and integration. The first phase of knowledge sharing is the initiation, which includes all events and activities which have lead to decisions to transfer knowledge from one party to another, after they have both identified a problem and discovered a solution. The second, implementation, phase is when resources flow between different parties within the organization, and social ties are formed. A knowledge sharing is now less threatening to both the recipient and the source, making a future transfer easier. The third step is the ramp-up phase, in which the recipient of knowledge starts using the knowledge which was transferred from the source. In this step, the parties spend much energy and time identifying and solving unexpected problems, leading to gradual improvement in performance. Integration, which is the fourth step, comes in place after the new practice has become a routine for the recipient, and now achieves satisfactory results with the transferred knowledge.

During this process of re-creating and maintain a complex set of routines in a new setting, there are a few obstacles for getting knowledge, especially tacit knowledge, to flow easily within the organization. Szulanski (1996) calls these hindrances stickiness, which differs between the types of knowledge. Knowledge which has proven itself to work over a longer time, is for example easier to convince people to use than a brand new idea.
Some other reasons knowledge is hindered in its free flow throughout the organization is that the source of knowledge might be motivated not to share what he or she knows with co-worker. One reason could be fear of losing ownership of knowledge and therefore weakening ones position within the company, another reason could be that they resent not being rewarded for sharing their success and innovative ideas with others. There could also be a lack of motivation to receive knowledge on the side of the recipient, perhaps as a result of the recipients lack ability to analyze and apply new knowledge successfully, so called absorptive capacity. Or the setting might be so that the communication between the source and recipient units is weak, and that the distance between the two creates an arduous relationship.

In the next two chapters, this paper will leave the motivations behind why employees share knowledge, and focus on concrete strategies for dealing with knowledge through both computer systems and interpersonal strategies.

### 3.3 Information Technology

Computer systems include the category of knowledge management systems which an organization can create in order to structure and manage the explicit knowledge within a company through a digital venue, such as an intranet or databank. This can both be somewhere data is collected and stored, or it can be a service which helps people communicates with each other.

A common problem with most KM systems today, and especially databanks, according to David Gilmor (2003), is that they are based on a publishing model. Here someone collects information from employees, organizes it in a system, advertises the availability of new information, and sits beck to see what happens. This is ineffective because employees in large organizations create vast amounts of information, much of which is outdated by the time it is published, and even worse – the company decides which information is relevant to employees. Gilmor also argues that even if all the right knowledge is identified, managers makes the flawed assumption that employees will share what they know to such a data bank.

These computer systems are well suited for explicit knowledge such as reports and statistics, but are less likely to be an effective tool for communicating the largest part of our knowledge, which is tacit. This comes as it would be a lot of work getting every
employee to start describing and explaining their personal beliefs and convictions, and an even bigger job filtrating the useful from the useless in order to implement it with employees at other parts of the company (Maier, 2004).

Gilmor (2006) argues that the most effective systems are therefore those which broker knowledge, rather than collect it. These brokerages of knowledge would be systems which put the right people in contact with each other, so that they can solve problems and learn from each other, rather than collect and formalize data from the same source of knowledge.

This could be systems which identify people who work on similar projects or are in contact with the same company, based on frequently used words and e-mail addresses in digital communications. It could also be expert directories, inventoring who is good at what which allows people who needs help to get in direct contact with someone who holds that expertise. Or it could be collaborative forums or wiki solutions where the employees can work together on solving each other’s problems.

One problem with these online systems, even if they grow out of a specific problem for the people who will later use the system, is to get the people who need it to use it. Employees rarely want to change their work habits and learn how to use new systems, so implementation of even the best idea can be problematic. Vaast (2007) claim that one way to reach continuity within an online network, comes from both structural changes in the company’s working environment, and the active involvement of key people who actively encourage their co-workers to integrate their online practices into their regular work activities.

### 3.4 Interpersonal Knowledge Sharing

Interpersonal knowledge sharing is likely to be the most important type of knowledge sharing as most of the knowledge people accumulate, is tacit rather than explicit. Most knowledge resides deep in our minds, as more of a feeling than a verbalized thought, and is most easily communicated through stories and socialization (Pommier, 2010).

Because of the difficulty in sharing tacit knowledge through explicit forms, it is important to create an environment in which employees can share knowledge directly between each other. Creating such an environment demands two things from management, an open culture and the right situations (Thomas, 2003).
An open culture, in which knowledge sharing is encouraged from management through incentives and policies, is vital for employees to share what they know with each other. Creating this culture and trust in the management, as Birgit (2008) has shown, increases knowledge sharing between employees by reducing the fear of losing one's unique value, and also improves the willingness to document knowledge. Also, the need to keep confidences is particularly important in the advice-seeking context, because the most useful advice often comes about as a result of a back-and-forth sharing of all potentially relevant information (Abrams et al 2003). When having established this open culture, it is important that management takes measures to put the employees in situations where they can share knowledge with each other, giving them the opportunity to discuss and share what they know.

3.4.1 Mentoring and storytelling

“the most frequent source of learning not surprisingly was through peers at work; the most intensive was some form of mentor” (Clutterbuck, 2001).

According to Swap and his co-authors (2001) mentors can teach critical skills, managerial systems, and norms and values to their mentees, and can leverage particularly the tacit knowledge of an organization to build core capabilities. Swap does however also conclude from the literature reviewed in his study that there is little evidence of a direct link between the mentoring of employees and organizational performance. Swap does however underline that the mentoring system hold great importance in spite of the lack of a strong correlation to organizational performance, as it involves both socialization and internalization of knowledge, allowing mentors to transfer and build up key skills and beliefs of the organization.

As well as authors like Eby (1997) who describes the alternative forms of mentoring, such as peer mentoring, and Bryant (2008) who describes the impact on knowledge sharing made from peer mentoring.

Like mentoring, storytelling as described by Nonaka and Takeuchi (1995) as well as Swap (2001), is an activity to be influenced rather than directly manipulated. One possible managerial behavior that follows from recognizing the power of stories is the construction of stories to make strategic points about an organization. These stories can then be communicated throughout the organization, both through managers, but also by employees continuing to tell them amongst each other.
3.4.2 Cross project Learning Initiatives

As organizations are increasing the use of temporary project teams to accomplish tasks, it has become commonplace for companies to establish practices and routines in order to retain what has been learned on a project so it can be used on another project (Julian, 2008).

Cross project learning initiatives is therefore these strategies and tools managers use, in order to help project-teams start where another group left off, to take with them the experience gained by others, and not have to reinvent the wheel (Nevell, 2004).

This can take the form of discussions between former group members of a successful project, and the members of a new project. It can come in the form articles and case studies written on what can be learned from a completed project. Though most important, is that the teaching and allocation of knowledge takes place when the learner has recognized a need for learning. That companies focus on the demand of knowledge, rather than the supply (Nevell, 2004).

Overall, cross project learning initiatives are described as practical, as they put people with similar tasks or task experience together and lets them learn from each other in a structured but not too rigid environment.

3.4.3 Help Desk

A method for knowledge sharing which involve technical solutions, but is mostly based on the human factor, is the employment of a knowledge management-centric help desk. These knowledge repositories are commonly used for capturing and reusing solutions to common problems, drawing on diverse knowledge sources in the organization, such as databases, experts, and group chats, and should be incorporated into the daily routine of the company in order to guarantee sufficient utilization and maintenance of knowledge stores (Gray & Durcikova, 2005).

This integration of several separate sources of knowledge does according to Gonzales and his co-authors (2005) allow support resolution of both repeat problems as well as new problems which may arise. Just because the KM-centric help desk draws on such an abundance of sources for information and knowledge sharing, it avoids one of the problems associated with other systems which require specialized personnel, the need to be systematically updated. Also, since all problems and solutions pass through the help
desk, the knowledge is captured by both the organization and the individual, promoting further organizational learning (González, Giachetti & Ramirez, 2005).

3.5 Discussion
From the theories presented above, the conclusion can be drawn that there are many obstacles facing knowledge flows within a multinational organization, and that there are two main strategies for dealing with these obstacles; through information technology and interpersonal sharing. This is also an age where the demand on organizations to successfully utilize knowledge is growing, and will need smarter and more broadly used solutions.

The question one can ask is if these strategies and the tools which are available for MNCs, are also used within NPOs. As has been shown in the previous chapter, there is often a difference of both purpose and structure between a MNC and NPO, and the author has asked the question if these differences are significant enough to give the different entities different possibilities in managing knowledge.

As a NPO is mostly involved in projects which are aimed to increase the perceived living standards of a specific group, it is also likely that they would be less prone to use key metrics for measuring their success, than a MNC which have stronger indicators of success in specific metrics. It would for example be more difficult for an NGO to measure the success of a project to build roads in India over 10 years, as it can take many years to show if the project has succeeded. A company can on the other hand easily measure metrics like market share, sales margins, and revenue growth, which are relatively good indicators of if the company is moving in the right direction.

As for monetary motivation, it seems most likely to favour explicit systems, as the use of these formal methods of sharing information is easier to measure than informal communication such as talking to colleagues, and saying goes, what gets measured gets done (Williamson, 2006). This type of motivation therefore seems particularly unsuited as an instrument to increase the knowledge sharing at the World Bank. Monetary motivation of other types, such as stock options and rewards linked to the price of the organizations stock, are unsuited for NPOs for the simple reason that they are not available.
I also suspect the World Bank will focus on interpersonal methods of sharing knowledge, is because of the complexity and sensitivity of a lot of the knowledge they will supply each other with. Although there obviously is a lot of explicit information in demand at the World Bank, such as statistics and region specific reports, there is likely to be an even bigger demand for getting help interpreting and finding the explicit data, as well as other tacit forms of knowledge. This is also likely to be true in other NPOs, as the demand for interpretation and selection of data is a difficult issue in most organizations.

4 Method
This thesis is designed as a case study in which I will use an organization as an example to illustrate if a multinational non-profit organization has taken use of the same systems as a multinational organization.

The most suitable subject for this comparison would be a non-profit organization, with operations in many countries, a large number of employees, and a means of doing business not to different from what you would find in a MNC, i.e. an organization with an emphasis on monetary means of achieving goals. The organization I found to be the most suitable in accordance with these criteria’s, is the World Bank.

4.1 Case description
The World Bank is a suitable object of study, because they are as large as many MNCs both in terms of employees, revenue, and number of countries they are represented in. They face many of the same problems in terms of allowing knowledge to flow within the organization, and yet they have a radically different objective from all MNCs, and similar to a lot of non-profit organizations.

Also, the Bank has a non-profit mission; as they seek to fight poverty by providing resources, sharing knowledge, building capacity and forging partnerships in the public and private sectors. It has also gone through a major organizational restructuring in order to be more successful in managing their knowledge.
4.2 Source selection

When selecting my sources, I have searched the DISA database for articles within publications the institution has deemed trustworthy, such as Administrative science quarterly, and Organizational Science. I have also done general searches on the DISA database for articles on “knowledge management” and chosen the ones which have been referred to the most by other authors according to the DISA system, and are the most relevant to this study according to my judgment.

I have also searched the internet for articles on news sites such as Business Week and Forbes Magazine, as well as semi-academic sources of research such as the Harvard Business review and the American Productivity & Quality Centre.

To find articles on the World Bank’s KM system specifically I have searched the organizations website, www.theworldbank.org, for articles on knowledge management, studied annual reports from the period in which the system was implemented, and read interviews with key employees to the KM implementation process. I have also searched for articles on “the world bank + knowledge management” through the Google search engine.

I will process the material, which mostly consisted of articles, by reading through several articles on the World Bank and KM in general. I will then use that information to create a rough structure, seek articles which are relevant to the different parts of that structure, and then simply read through as much relevant material as I need before I can start writing. I will complement the areas I where I find gaps with further article searches.

4.3 Choice of method

I chose a case study of the World Bank and to base it on written sources, for two reasons. Firstly, there is a vast amount of information available on the World Bank and their KM system, both in the form of internal and external reports and interviews conducted on their KM implementation and execution. It is therefore practical to base my research on previously done studies and available literature on the subject, instead of doing my own research – which would have demanded much more time. Secondly, a case study would allow me to study one organization deeply, and analyze their work deeper than if I were to look at a broader spectrum of NPOs.
Another option could have been to do a larger study of several MNCs and compare them to a number of larger NPOs. This study could have been based on interviews and reports, and give a more accurate picture of what tools MNCs and NPOs use to manage knowledge within their organizations. The main reason I have chose not to use this method, is because of time constraints.

4.4 Delimitations

Would there have been more time available, it would have been interesting to interview some of the employees and managers at the World Bank to get some firsthand information on how their KM system works. As much focus is laid on the interpersonal exchange of information within an organization, the prime goal of many organizations seem to be the spontaneous exchange between two employees, it would have been useful to get a practical, first hand, look at how this works and what problems they see.

5 Knowledge Management in the World Bank

In this section, I will present how the World Bank has chosen to handle knowledge management within their organization, and what systems they have implemented to achieve their goals.

As described in the Banks report by Carayannis and Laporte (2002), the World Banks Knowledge Management initiative has its roots a “Strategic Compact” initiative which the new President of the Bank, James D. Wolfensohn, launched in 1996. The goal was to reorganize and refocus the Bank’s operations to improve the accountability, efficiency and effectiveness of their operation.

Mr. Wolfensohn wanted to transform his organization into the “Knowledge Bank”, where they could fully exploit the wide range and great depth of knowledge within the development projects which the Bank holds. This wealth of information about both private and public projects puts the Bank in a unique position to collect and redistribute knowledge about development, and Mr. Wolfensohn’s goal was that by the year 2000, “the World Bank would be the first resource that anyone contacts for information about development” (Carayannis & Laporte 2002).

The World Bank has in other words chosen to not only manage knowledge internally, but also share their knowledge effectively with external parties as they seek to share as
much information and knowledge as they can, not only with the people inside their company, but also with external parties (Carayannis & Laporte 2002).

This provides the extra complexity to the project through questions such as confidentiality of information given to the bank by clients, the copyright of documents, and the protection of proprietary assets (Pommier, 2007).

What this complexity will mean for their knowledge management system is however not something I will give room to in this study. This thesis will only focus on the strategies employed by the World Bank to manage knowledge internally, and only include external strategies which are overlapping into the internal systems.

The goals of the World Banks KM system are to (Laporte 2004):

- create multiple knowledge flows.
- empower employees through access to knowledge.
- develop communities of learners, and
- build strong knowledge partnerships

and the system is “designed to share country and sector know-how, and global best practices and research in the field of development. The program would have been designed differently if the knowledge of competitive intelligence processes or individual clients would have been at the core of the Bank's business” (Pommier 2007).

In Bruno Laports (2004) report on how the World Banks knowledge sharing works in praxis, he describes the different levels of development and focus within the Bank. He shows that the Bank started out focusing on a simple form of knowledge sharing, such as collecting knowledge for so called knowledge repositories, such as databases of articles and reports. Secondly came systems for connecting internally, through various knowledge communities and thematic groups which allowed employees to learn from each other through specific events and formalized efforts. The bank then went on to initiate external connections through such efforts as knowledge partnerships, the Global Development Learning Network (GDLN), and similar efforts which provided direct education on specific topics to involved parties both inside and outside of the organization. The fourth initiation, which is the most difficult so far according to Laporte, is brokering the global knowledge available within the organization, such that
they can facilitate the adaptation of local knowledge, connect stakeholders to each other and act as a catalyst for change.

In short, the World Bank started at the explicit end of the spectrum in their knowledge management effort. Getting people to formally write down and publish what they have learned, then getting people to share more directly through events, and finally just through putting people in contact with each other and providing an environment where they can share tacit knowledge freely.

**Knowledge flows**

One of the differences between the World Bank and many other MNCs, is the organizations is highly centred around their Washington DC headquarters, where two thirds of their staff is located. They do however start a number of joint ventures and work closely with foreign companies and governments, which could raise a similar type of challenge for the organization. Although as this mostly consists of HQ employees visiting another country and taking what they have learned back with them to Washington, the Bank will quite easily get their knowledge centered and localized at HQ (Laprote, 2004).

5.1 **Information technology**

The internet and other tools for digital communication has completely altered the dynamics and basic functionality of the modern business environment, and spend more time than ever e-mailing, text messaging, and surfing the internet. The world banks information technology system facilitates knowledge sharing in mainly three ways; by providing guidance in use of the Banks economic development institute, providing online communities, and facilitating contact with other clients and partners at the bank or externally (Currie, 1997).

These possibilities which offer themselves to connect through the internet often lead managers to believe that technology in itself, can leverage the knowledge of their employees. As Michael Pommier (2007) points out, the bank staff of the World Bank can connect with their peers through a variety of channels, and access knowledge collections from thematic groups electronically during any time or from any location.

Because of this increased availability of knowledge, it would, as Pommier (2007) points out, be tempting to conclude that the implementation of a web-based technological
solution to share knowledge would be the obvious choice. That a digital system would be the final answer to the management of organizations knowledge, does however not match the reality of The World Banks situation.

As pointed out in the theory, and reaffirmed by Pommier (2007) and Carayannis and Laporte (2002), most of the knowledge of the individuals within the World Banks organization is tacit, and therefore difficult to absorb in a system which benefits explicit information, such as a computer system.

So the World Bank decided that if they had a system for sharing explicit knowledge, which would allow for fast access, be user friendly, and allow for classifications and cataloguing so that information could be located easily. They would need a solid system for interpersonal sharing of knowledge, but that computerized systems would be an important piece of the puzzle (Gwin, 2003).

One of the key aspects of an effective knowledge management and sharing according to Carayannis and Laporte (2002) is that the system not only enables but improves electronic collaboration. Some requirements the bank set for achieving this are:

- that the system encourages discussion,
- it does not limit the amount of input one can contribute, and
- that the system promotes information sharing.

5.1.2 Intranet

It was in late 1998 the World Bank finally developed an interface for their Intranet and Knowledge Management systems, which resolved some of the conflicts the Organization had experienced concerning the highly centralized structure of previous systems. This lead to some sectors developing their own knowledge portals outside the formal knowledge management system.

The structure of the intranet is that of a Communications Network, or CommNet, which is an internal website for the communication teams within the World Bank. This system consists of thousands of people in several countries, and although the teams are spread out over the world, the questions and problems they need to solve are intrinsically the
same. Employees need collaboration on projects, they need to share updates and information, and interact easily with the other members of their team.

5.2 Interpersonal KM
The interpersonal knowledge sharing at the World Bank comes in three main forms; informal communication such as when two employees discuss leadership questions by the water cooler, facilitation of connections through systems like the help desk, and formal communication such as workshops and seminars. The interpersonal systems for communicating tacit knowledge, are described as the ones the World Bank are focusing mostly on at the moment, and also the ones which are most difficult to get functioning at a satisfactory level (Laport 2004).

It also seems interpersonal knowledge sharing is the main focus and goal for the Banks work, and that is the driver behind many of the IT solutions which have been implemented at the bank and there are no obvious examples of any technological solutions which have revolutionized knowledge management. The solutions have rather optimized solutions which have already been in place at a more basic level in the form of interpersonal sharing. One example is how the Education Advisory Service first operated started as a one man operation where they could keep track of who knew what within the educational division of the word bank so that they could put people in touch with the relevant source of knowledge. This later evolved into a global help desk system which is manned by hundreds of people and functions not only for the people inside the organization, but external parties as well as the public (Pommier, 2007)

5.2.1 Mentoring and storytelling
One of the World Bank’s key strategies and tools for knowledge sharing is a mentor program where each new recruit is given a senior employee as a mentor to familiarize them with sector strategies, lending procedures and key professional contacts (Pommier, 2007).

The World Bank describes the type of mentoring they do as a type of coaching which takes place outside of the line manager’s relationship and often touch on professional development questions which are not directly related to the mentees area of work. The purpose of mentoring according to the Bank is to connect the development of competency to strategic business needs, to make sure skills are being developed within
the organization, and create and promote a culture focused on learning and diversity. In their material on mentorship programs (World Bank Group, 2010) they also quote the results of a McKinsey study of the top 200 Executives in 50 US Companies saying that “mentoring is one of the most effective tools in people development”.

The world Bank also uses story telling in various ways to share knowledge between their employees and stakeholder. One way they do this, is to videotape and narrate their work, so that those who watch it can get a deeper understanding of how a successful team has executed their project (Laprote, 2004)

5.2.2 Help desk
At the World Bank, they have implemented a help desk which every employee can call, where packets of information and referral services are available. The purpose of this help desk is to act as the hub and main contact point of information, give a human interface to the KM system, facilitate knowledge resources, and provide relevant information to answer questions from stakeholders (World Bank: Help Desk Guidelines, 2010). Acting as the junction “to match all incoming inquiries about a knowledge domain with the relevant community of experts” (Carayannis & Laporte, 2002).

Some of the concrete actions the help desk performs are to resolve problems on the organizations website, provide interpretations of different materials, and facilitate the contact between two people who can then help each other. The targeted turnaround time in processing of Help Desk requests is 48 hours from the time the inquiry is received, and the desk is reached to a service number (World Bank Group, 2010)

5.2.3 Technical Clinics
Technical clinics where experienced professionals can sit in on meetings and working lunches with other employees, or help them search the knowledge collections on the intranet, have become an important part of the World Banks KM program (Carayannis & Laporte, 2002).

These experienced professionals and teams can deliver customized help in the form of 2-3 hour Thematic KM Clinics, which are delivered either face-to-face or via video conference (World Bank Homepage, 2010).

These technical clinics, like the mentoring system, puts more experienced people in contact with people who need their experience. Increasing the number of future
knowledge sharing interactions which happen organically, by one employee contacting another individually to find a specific type of knowledge.

5.3 Culture of sharing

As Stewart (1991) describes in his article, an organization’s culture and the way it applies knowledge gives the group skills beyond the sum of the individual’s knowledge. So that when knowledge belongs to the whole organization, they can create a much stronger competitive advantage through becoming much smarter than the sum of their parts.

To create such a culture, the World Bank has made several decisions concerning the environment in which a culture of effective knowledge sharing can flourish. Some of these prerequisites, besides the basic knowledge of knowing what to share with whom and having a well formulated plan, were according to the American Productivity and Quality Center (APQC, 2003);

*Technology*, which is implanted as part of a larger, systematic knowledge management directive, and drives change within the organization and how directs how people communicate with each other.

*Managerial support*, which at the World Bank came through senior executives who supported and actively removed barriers to share knowledge, encouraged appropriate behaviour in KM through incentives and vocal support, and embraced new approaches to sharing knowledge.

*Daily routines*, meaning that sharing and taking part of others knowledge must be a part of the employees daily work activities and work flow, so that the knowledge can be gathered, shared, and reused during the employee’s daily activities.

5.3.1 Incentives

The World Bank, unlike many MNCs, has focused quite little on incentives, but it is still an important part of the way they get their employees to share knowledge with each other.

One of the first actions the World Bank took to both make clear that they were serious about knowledge sharing, and encourage people to focus on it themselves, was to make it an integral part of the organizational performance assessment. This did not produce an
instant change, and some monetary incentives were also needed to deal with some of the remaining cynicism and posturing according to Pommier (2007).

The annual performance awards reinforced and fostered desired knowledge sharing behaviour, and the Bank also introduced several awards and initiatives to spur innovation and team work, such as a President’s Award for Excellence, and a development market place which offered financing to winning proposals and groundbreaking ideas on work with external partners (Pommier, 2007)

These three types of incentives are what the World Bank is doing to increase knowledge sharing within the organization; performance reviews, monetary rewards, and awards and grants for exceptional behavior and thinking.

6 Analysis

Here will a final conclusion of the theories and data presented in this paper be presented, the questions this paper sought to answer will be discussed and a conclusion will be drawn on the possibilities for NPOs to use the same KM strategies as a MNC. In closing, the implications of our study and suggestions for future research will be presented.

Our study has shown that interpersonal and information technological ways of communications are the ones which are most frequently used within the MNC, and that the interpersonal are vital for sharing tacit knowledge whereas the IT systems make up an important component for facilitating interpersonal knowledge sharing and are most suited for sharing explicit knowledge. As for the specific tools available, they are numerous and vary a lot between different MNC. This study has brought forth a few examples which were mentioned frequently in search databases and made good examples for a type of KM.

It seems the strategies which have been describes as most efficient are all interpersonal to some extent, and built on transferring tacit knowledge between employees. There seems to be little focus on getting employees to write formal reports and publishing as much material as possible, and more focus on adapting a gap in an employee’s knowledge as much as possible through a demand driven process. Meaning that
employees will themselves observe the problem, and be led to a solution through an interpersonal process, and get the answer to their question through a interpersonal process or in the form of a document which they will also get help in interpreting. It seems good knowledge management is much about building an environment in which direct communication and joint problem solving can prosper.

The reason behind a focus on interpersonal KM strategies in both MNCs and The World Bank, because it is the best way of sharing tacit knowledge, and this type of knowledge sharing is superior to sharing basic explicit knowledge. This is because it is easier to get people to write a report on what they did in general, but it is much more valuable and difficult to get employees to share what another employee needs to perform better on a specific task although it might be difficult to communicate.

So there are a number of tools available to MNCs, many of which are based on direct communication between employees, but which of these are also used within a NPO?

It seems both NPOs and MNCs meet similar challenges in terms of getting people to share what they know with each other, so called stickiness. So although there might be some tools which are more suited for one organization and some tools more suited for another, all the tools which were found used in the World Bank are also applied in MNCs. This gives us the indication that there is no general rule saying NPOs need KM tools unique to their organizational structure and purpose.

Both MNCs and NPO used IT systems to share knowledge, and all the systems described in this thesis were of a complementary nature, meaning that it was a way of leveraging the interpersonal exchanges already seen within the organization. One example is the help desk system, which is in essence a technological system made up of call centres, databases and other digital infrastructure. The system is however only a means to let people communicate more effectively with each other, both because the employee interface is human, and also because one of the main functions is to provide human interpretations and advice to those who need it. In short, the digital system allows the human interactions already taking place to become more frequent and effective.

One difference seems to be the extent to which MNCs use monetary incentives to motivate their workers to share their knowledge. The World Bank uses monetary
incentives, but it was described as a small part of their strategy with the main purpose of giving the employees of the company a little push in using the new system. The little research this thesis presents on monetary incentives in MNCs, show that they are more common and a more core part of their motivational system. This is however something which would have to be studied further in order to draw a real conclusion.

I believe the reason the World Bank has had such a success with the brokerage system described by Gray & Durcikova (2005), because it allows them to keep an eye on the type of knowledge which is in demand, and if people are using their co-workers expertise more than before. While at the same time leaving their employees with enough space to learn together, and drive the supply and demand of knowledge on their own.

6.1 Implications of this study
We have shown that the World Bank uses methods of managing knowledge which are also used by MNCs, indicating that MNCs and NPOs can use many of the same KM tools despite the major differences of the purpose driving the organization.

We have also shown that monetary incentives are used in the World Bank, just as in a MNC, which is interesting as the organization is not for profit and one could assume that the employees would be less responsive to monetary incentives. The incentive was however only a complementary part of their motivation system to kick-start the use of the KM tools.

The main implication is that a manager of an organization should mostly be able to pick best praxis cases from either MNCs or NPOs, and choose KM strategies without having to take consideration to the purpose of the organization. The main difference seems to be in the incentive structure, where MNCs focus more on monetary incentives and rewards then the World Bank does.

6.2 Suggestions for future research
One question which would be interesting to explore further, is if employees are motivated differently in a MNC than in an NPO. Are employees who seek themselves to jobs at NPOs less interested in monetary compensation, than those who work at MNCs, and are there are any differences in the dynamics behind what drives the employees to use a KM system in an NPO than in a MNC?
Study which KM methods are most common amongst MNCs and NPOs respectively, and why there might be a difference or not. This could also lead to a study which in further detail studies which types of tools are more suited for NPOs compared to MNCs, if what a NPO needs from a KM system is different from what they need in a MNC.

Study how the competition for resources between MNCs affects their work, what are the consequences and how substantial is the focus on marketing in a NPO such as Amnesty International or the World Wildlife Foundation?

It seems the interpersonal exchange of information is vital to a KM system, so it would be interesting to study just what it is about that type of exchange which is so productive.
7 References

7.1 Documents


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