

KNOWLEDGE MANAGEMENT FOR EASE OF DOING BUSINESS IN PRIVATE SECTOR ORGANIZATIONS IN NIGERIA

U. O. Ugwuogu, Ahmed A. Ayandokun, and C. K. Ume

ABSTRACT

Knowledge management is a concept that encompasses the methods and processes of identifying, selecting, capturing, documenting, sharing and using knowledge to achieve organizational set goals and objectives. It is a concept that has permeated the public and private sectors in developed countries but yet to gain the required prominence in a developing country like Nigeria. Organisations require knowledge to ensure competitive advantages and sustainable growth in an era tilting towards a knowledge-based economy. Having an economic environment that is enabling enough to sustain businesses requires proper management of knowledge, especially in the private sector, which is major driver of economies across the globe. This work examines how proper knowledge management can improve organizational competitiveness and facilitate ease of doing business. The challenges identified include absence of professional knowledge managers in organizations, lack of trust among private sector workers, absence of standard policies on knowledge management, among others. The work, having concluded that knowledge management is central to the development of the society through the empowerment of private organization human resources, recommends among others, that Chief Executive Officers should employ professional knowledge managers, train the employees, offer incentives, and establish policies and standards on knowledge management to address the barriers to knowledge management thereby improving the potentials of knowledge management in achieving ease of doing business for organizations in the private sector.

Keywords: Knowledge Management, Private Organizations, Ease of Doing Business, Nigeria

Introduction

The private sector is the engine of growth. Successful businesses drive growth, create jobs and pay the taxes that finance services and investment. In developing countries, the private sector generates 90 per cent of jobs, funds 60 per cent of all investments and provides more than 80 per cent of government revenues. Private companies are providing an ever increasing share of essential services in developing countries, such as banking, telecommunications, health and education. Foreign investment, particularly in exporting industries, can accelerate domestic development(Australian Government Department of Foreign Affairs and Trade, 2014). Let us take this long quote from Brent Wilton, the Secretary-General of International Organisation of Employers:

Since the creation of the original Millennium Development Goals in 2000, the crucial role played by the private sector in delivering economic, social and environmental development has become better understood. In fact, the private sector in every country is simply the community at work and, as a part of that community; business today comprehends its impacts better than ever before. Its influence on economic and social development, respect for the environment, and efficiently and effectively managing resources represents an important contribution to the well-being of its communities. However, the private sector cannot act alone. Governments have the main responsibility for providing the legislative and regulatory environment that enables businesses to play their part. Vital issues such as open trade policy, sound and stable governance, infrastructure investment, economic and monetary policy, tax and social protection structures, and the costs of doing business must be balanced by governments in a way that gives the private sector the ability and incentive to act (Wilton, 2014).

Efosa (2018) states that the private sector in Nigeria plays a huge role in helping to fight the problem of extreme poverty by taking responsibility of tasks performed by the state, thereby relieving the pressure on public expenditure and allowing the government to focus its resources on key social and physical infrastructure. The private sector helps in broadening the economic base, making Nigeria less susceptible to external stimuli. The private sector also helps in human resource development, education and training job and skill formation. It also teams up with foreign investors to provide a springboard for foreign direct investments in vital infrastructure like transportation, communication, power, and information technology.

Knowledge has increasingly been recognized as the new strategic imperative of organizations. A fundamental paradigm considers knowledge as power; therefore, one has to hoard it so as to maintain an advantage (Uriarte, as cited in Kinyua, 2015). Davenport and Prusak (as cited in Arthur, 2013) define knowledge as “a fluid mix of framed experience, values, contextual information and expert insight that provides a framework for evaluating and incorporating new experiences and information”. In their opinion, knowledge is created and applied in the minds of knowers while in organisations it is often embedded in documents or repositories as well as in organisational routines, processes, practices and norms. Nowadays, organisations no longer compete solely on the basis of financial capital and strength, rather knowledge is the new competitive advantage in business. In fact the Gross Domestic Product (GDP) growth rate is now determined, amongst other factors, by the quantum and quality of knowledge stock harnessed and applied in the production process in various sectors of the economy. Thus knowledge-based economies require that Knowledge Management (KM) practices be put in place to improve organisation effectiveness. There is a popular saying that knowledge is power. Based on this assertion, it can be said that the management of knowledge is the key to power (Omotayo, 2015). Organizational competitiveness and decision-making capabilities today are very much reliant on the knowledge base. The stronger the knowledge base, the higher

the chances of decisions to address the complex and unpredictable forces shaping competitive business conditions (van Winkelen & McKenzie, as cited in Al-Khoury, 2014).

As the knowledge-based economy grows exponentially, the knowledge assets become invaluable to the organizations. Effective use of knowledge has been crucial to the organization's survival and success in competitive global markets and has a strong potential to problems solving, decision making, organizational performance enhancements and innovation. Knowledge Management defines a systematic, explicit and deliberated building processes required to manage knowledge, the purpose of which is to maximize an enterprise's knowledge-related effectiveness and create values (Bixler, & Stankosky, as cited Huang, n.d).

The movement of modern economies away from just material resources alone to knowledge-based economies is a major drive that is gaining rapid momentum among stakeholders and policy makers in the public and private sectors. The acknowledgement of information and knowledge as major factors of production, growth and sustainable development by governments, businesses and enterprises has lend credence to the need to properly manage knowledge in the most efficient manner so that businesses can gain competitive advantage and survive in the face of other external and internal challenges.

Despite the efforts of the present Nigerian government to diversify the ailing economy, there is no official blueprint on how to harness the potentials of knowledge management in order to achieve a business-friendly environment, especially for the private sector which is responsible for a greater percentage of the labour force and productivity. It is such a conspicuous gap which this work has identified that has necessitated the need to critically analyse how knowledge management can be a tool for enhancing the ease of doing business in the private sector of the Nigerian economy.

Conceptual Explanation of Knowledge Management

Uzuegbu and Arua (2015) define knowledge management as strategies and processes designed to identify, capture, structure, value, leverage, and share an organisation's intellectual assets and enhance its performance and competitiveness by knowledge management and disseminating the knowledge within the organization. Issa, Sadiku, Olarongbe, Emezie and Igwe (2015) describe knowledge management as strategies and applications that are geared towards creating, documenting and sharing knowledge both tacit and explicit. Knowledge Management is further described as a systematic, explicit and deliberate building, renewal and application of knowledge to maximise an enterprise's knowledge-related effectiveness and returns on knowledge assets (Kinyua, 2015).

Knowledge management, which is a strategically sustained and systematic effort at collecting, organizing and dissemination knowledge and information among organisation human resources and is aimed at achieving internal cohesion and external competitive

advantage, is therefore the focal point of this work as it seeks to analyse how such a concept can enhance the ease of doing business in private organisations in Nigeria.

Ease of Doing Business in the Private Sector and National Development

Prakash (2017) defines Ease of Doing Business as the simplification of the rules and regulations of the country governing the market for business with minimal government interference in obtaining licences, permits, and other formalities required to be fulfilled before starting a business. At the July 9-11, 2017 National Insurance Conference, organised by the Insurance Industry Consultative Council held at the Transcorp Hilton Abuja, Nigeria with the theme “Nigeria open for Businesses”, “...experts who spoke agreed that the surest way to fix Nigeria’s ailing economy was for government to collaborate with the private sector to enthrone an enabling environment for businesses to thrive” (Nwoji, 2017). Building better business enabling environments, for example, reforming business registration, contracting laws and providing the infrastructure essential for business (such as electricity or transport connections) are things that can facilitate the improvement of business organizations and then ensure sustainable growth and economic development (Australian Government Department of Foreign Affairs and Trade, 2014). The ease of doing business is indicative of how favorable an economy is for business operation. These are important consideration for foreign direct investors who are not only interested in the macro-economic but are also interested in the existing regulatory framework, policy and security. The friendlier an economy is to business operation, the more attractive it is for investment, which is a vital catalyst of economic growth and development (Invest Advocate, 2017).

The private sector’s success largely depends on an enabling environment which in turns enhances national development through job creation and increase in the level of productivity. An economy that depends solely on importation for its consumer products and services will definitely experience unemployment crisis. With a viable private sector that is knowledge-driven, this unsatisfactory state of affairs can be prevented.

Knowledge Management as Key to Ease of Doing Business in Private Sector Organisations

The following explain the vital roles knowledge management play in attaining the ease of doing business for organizations in the private sector.

i. Sustainable Competitive Advantage

Currently, knowledge management is steadily becoming an integral business activity for organisations as they realise that competitiveness is critical to the effective management of knowledge (Grover & Davenport, as cited in Bakri, Ingirige, & Amaratunga, 2009). Organisations that manage knowledge can evaluate core processes, capture insights about what they find, combine their skills and experiences, innovation and apply new ideas quickly. In business management, the management of knowledge has been touted as the way forward in ensuring the survival and resilience of organisations (Egbu as cited in Mohd Zin & Egbu, 2009). Knowledge management is a critical driver of competitive advantages because it enhances the capacity of organisations to innovate thereby differentiating itself from its competitors.

ii. Higher productivity

Martensson (as cited in Omotayo, 2015) considers knowledge management as an important and necessary component for organisations to survive and maintain competitive keenness and so it is necessary for managers and executives to consider knowledge management as a prerequisite for higher productivity and flexibility in both the private and the public sectors.

iii. Innovation

Knowledge management brings novel, undocumented pragmatic ideas that are different from the cliché or generally known conventions. Knowledge management (KM) is a process that supports and improves business performance. Organizations are realizing that knowledge is a crucial resource for organizations and it should be managed judiciously. Organizations need to harness knowledge not only to stay competitive, but also to become innovative (Gupta, Iyer, & Aronson).

With a viable knowledge management framework in place, Knowledge management enhances the up thrust of novel, genuine, home-made, result-oriented innovative ideas that are amenable and peculiar to specific organizational needs which can be applied or adopted elsewhere with such similar peculiar needs.

Resources, Tools and Strategies for Knowledge Management in Private Business Organisations

i. Human Resources

The most vital resource for knowledge management is human resource. The people to manage knowledge are the integral core of the knowledge management framework. Without the adequate professionals in knowledge management to manage the knowledge assets of the organization, all other resources will either lie redundant or underused if at all there are competent managers to select and acquire them. Huang (n.d) notes that technology is merely a tool. Human factor is the key to effective and efficient knowledge management.

Furthermore, according to Omotayo (2015) people are the creators and consumers of knowledge because individuals consume knowledge from various sources on a daily basis. It is therefore pertinent to consider people in knowledge strategy and implementation.

ii. Information and Communication Technologies (ICT).

The emergence of digital technologies used in searching, selecting, acquiring, processing, and dissemination of information as created avenues for information and knowledge managers to leverage the potentials of information explosion. Information and communication technology (ICT) provides potential means for improving knowledge work productivity, for example, through helping knowledge workers perform certain routine (non-value-adding) tasks faster and through supporting knowledge-sharing among professionals (Sigala, as cited in Abbass, 2015).

Ghani (2009) identified tools used in Knowledge management as presented in the diagram below:

SN	Technology	Description/Example
1.	Artificial Intelligence Technology	Expert Systems/ Learning Systems
2.	Communication and Collaboration Systems Group	Email, Videoconference, Chat, IM, Listserve, groupware calendar, log, shared information spaces workflow management system, group support system.
3.	Document management System	Management of electronic documents, a system to search, edit, distribute, retrieve, archive, and otherwise manage the complete life cycle of documents.
4.	Content Management System	Management of electronic content including multimedia files
5.	Intranet	A network contained within the enterprise. It is used to share information and computing resources among employees as well as to facilitate group working.
6.	Search engine	Tool that searches the content of the web
7.	Learning Systems	Distance learning, e-learning and computer-based training.
8.	Knowledge mapping tools	Any resource that locates people by their knowledge; human resources skill set inventory system

Strategies

Virkus (2014) notes that a good knowledge management strategy can help to increase awareness and understanding, articulate the business case and identify potential benefits, gain senior management commitment, attract resources for implementation, communicate good knowledge management practice, give a clear, communicable plan about where you want to go, and how to plan to get there, give you a basis against which to measure your progress. Kerka(as cited in Huang, n.d)) identifies the strategies and techniques that can

be adopted for knowledge management in organizations as provision continuous learning opportunities, using learning to reach goals, linking individual performance with organizational performance, fostering inquiry and dialogue, making it safe for people to share knowledge openly and take risks, embracing creative tension as a source of energy and renewal, conscious awareness and interaction with the contemporary environment/ trends.

Challenges and Prospects of Knowledge Management in Business Organisations

Ou and Davidson (2007) note that knowledge management problems in organizations stem from structural-related causes, technical-related causes and human-related causes. From the structural-related perspective, the lack of organizational incentive to create and transfer knowledge appears to be the major explanation for KM problems. The management does not apply the encouragement/punishment system properly. The organizational structure is another root cause of KM problems. The bureaucratic way of work is considered as evidence for the establishment of barriers to knowledge creation and transfer. On the other hand, the human factors arise when individuals may not be willing to contribute to the KMS because they are afraid to share their knowledge given the possibility of losing their power and position. Similarly, each staff would like to keep their knowledge in their own place, which leads to a lack of standardized practice in knowledge storage and sharing.

On the aspect of technical-related causes, it has been observed that the capacity of the hardware and software support is not adequate in most organizations in developing countries. The system is slow and always busy; sometimes it hangs. Security of the KMS is a big concern. The flow of using the KMS is not convenient. In Nigeria, most organizations lack standardised knowledge management systems.

However, there are major prospects for knowledge management. Organisations are becoming more knowledge-intensive and as a result, knowledge has been treated systematically like other tangible resources and many organisations are exploring the field of knowledge management in order to improve and sustain their competitiveness (Wong, as cited in Bakri, Ingirige, & Amaratunga, 2009).

Another major prospect for knowledge management is the increasingly fading technophobia among corporate organization workers. The percentage of Nigerians who are connected to the internet through mobile digital devices is on the increase. This means connectivity to the social media can now enhance management of knowledge among staff with minimal interference by the management in terms of funding. The proliferation of android phones is a major boost to knowledge management in contemporary business organizations.

Conclusion and Recommendations

Knowledge is a major resource that facilitates change and brings about development if properly managed. It has the potentials of driving economies if put into proper use by policy makers and stakeholders. The private sector which is a major stakeholder in economic development is highly influential in provision of goods, services and the labour that drives the economy towards sustainable development. However, it is essential that the potentials of relevant and reliable knowledge in human resources are properly harnessed to create an environment that will be conducive for businesses to thrive. Apart from the roles of government in creating an enabling environment for businesses to thrive by investing in human and capital development, the private sector can create an internal enabling environment that will enhance competitiveness and improve the ease of doing business by ensuring that knowledge, a major factor in a knowledge-driven and knowledge-based economy is well managed among its staff. The benefits of an enabling business environment with a favourable degree of ease of doing business to the economy are enormous.

Despite the potentials of knowledge management, there are several challenges that hinder the full maximization of its potentials in achieving a business-friendly environment for those in the private sector.

The following recommendations are hereby put forward in order to address the challenges associated with knowledge management in business organizations:

- i. Employment of professionals in knowledge management to drive the knowledge management programmes of the organization. Knowledge management should be seen as an aspect of management that requires the supervision of professionals like other aspects of management such as accounting, sales, marketing and finance.
- ii. Proper preparation of a written, flexible and standard policy on knowledge management for the organisation. There should be a blueprint for knowledge management processes.
- iii. Periodic evaluation of the policy and the progress made from its implementation.
- iv. Provision of incentives for staff and units where knowledge management is being meticulously implemented.
- v. Attachment of punitive measures to deliberate withholding of knowledge. This would be a Theory Y and Theory X approach. While some individuals would do the right thing by being coerced, others only need basic motivations or sometimes, no special motivation at all.

References

Abbass, K. D. (2015). Knowledge management strategies in Nigerian agricultural research institutes. Doctoral Thesis submitted to the School of Social Sciences, College of Humanities, University of KwaZulu-Natal, Pietermaritzburg Campus, South Africa. Retrieved from <http://>

https://researchspace.ukzn.ac.za/xmlui/bitstream/handle/10413/12995/Abbas_Kabiru_Dahiru_2015.pdf

- Al-Khouri, A.M. (2014). Fusing knowledge management into public sector corporate excellence Culture: A review of the field and the case of Emirates Identity Authority. *Journal of Knowledge Management, Economics and Information Technology*, 4 (3).1-89.
- Arthur, E. N. (2013). *Knowledge Management Initiatives and Implementation: a qualitative meta-analysis of public and private organizations*. Masters Thesis submitted to the Faculty of Arts and Social Sciences at Stellenbosch University Retrieved from https://scholar.sun.ac.za/bitstream/handle/10019.1/80258/arthur_knowledge_2013.pdf
- Bakri, A. S., Ingirge, B. & Amaratunga, D. (2009). Critical success factors for knowledge management implementation in organisations: Proposing an agenda for performance improvement in the construction industry. In A. S. Bakri, M. J. B Ingirige, & R. D. G. Amaratunga (Eds). *Proceedings of the Buhu 9TH International Postgraduate Research Conference 2009. Theme: Critical Success factors for Knowledge Management Implementation in Organisations: Proposing an Agenda for Performance Improvement in the Construction Industry*. [pp. 251-263]. Retrieved from <http://usir.salford.ac.uk/19163/>
- Efosa, A. (2018, May 18). The role of the private sector in Nigeria's economic development. *Information Guide in Nigeria*. Retrieved from <https://infoguide.com/role-private-sector-Nigeria-economic-development>
- Ghani, S. R. (2009). Knowledge management: Tools and techniques. *Journal of Library and Information Technology*, 29,(6). 33-38. Retrieved from <http://pdfs.semanticscholar.org/b2cO/c62beb21dbeb2c8153cd52cf4bb54c72244d88.pdf>
- Gupta, B., L.S. Iyer & Aronson, J. E. (2000). Knowledge Management: Practices and Challenges. *Industrial Management and Data Systems*, 100, (1), 17-21. Retrieved from <http://dx.doi.org/10.1108/0263557001027301>
- Huang, Y. (n.d). *Overview of knowledge management in organizations*. Retrieved from <http://www2.uwstout.edu/content/rs/2008/11knowledge%20management%20for%20publication.pdf>

- How important is the ease of doing business to Nigeria. (2017, November 9). *Invest Advocate*. Retrieved from <http://investadvocate.com.ng/2017/11/09/important-ease-business-nigeria/>
- Issa, A. O. Sadiku, S. A., Olarongbe, S. A., Emezie, N. A. & Igwe, K. N. (2015). Knowledge management tools, technologies and systems for organizations in the knowledge economy. In K. N. Igwe, C. O. Nnadozie, A. O. Unagha, C. P. Uzuegbu, & M. M. Naga (Eds), *Fundamentals of Knowledge Management for the Knowledge Economy*. [pp.111-117]. Lagos, Nigeria: Zeh Communication.
- Kinyua, G. M. (2015). *Relationship between knowledge management and performance of commercial banks in Kenya*. PhD Thesis Submitted to the School of Business Administration of Kenyatta University. Retrieved from <http://ir-library.ku.ac.ke/bitstream/handle/123456789/17807/Full%20text%20Thesis.pdf>
- Mohd Zin, I. N. & Egbu, C. A. (2009). Review of Literature on Knowledge Management Strategy - Lessons Learned for the Construction Industry and Research. In A. S. Bakri, M. J. B Ingirige, & R. D. G Amaratunga (Eds). *Proceedings of the Buhu 9TH International Postgraduate Research Conference 2009. Theme: Critical success factors for knowledge management implementation in organisations: Proposing an agenda for performance improvement in the construction industry.*[225-236]. Retrieved from <http://usir.salford.ac.uk/19163/>
- Nguyen, T. L. (2016). Assessing knowledge management values by using intellectual capital to measure organizational performance. *Doctoral dissertation. Nova Southeastern University. NSUWorks, College of Engineering and Computing. (986)* Retrieved from https://nsuworks.nova.edu/gscis_etd/986.
- Nwoji, E. (2017, July 26). Enabling business environment as imperative to growth. *This Day*. Retrieved from <https://www.thisdaylive.com/index.php/2017/07/26/enabling-business-environment-as-imperative-to-growth/>
- Omotayo, O. F. (2015). Knowledge management as an important tool in organisational management: A Review of literature. *Library Philosophy and Practice*. Retrieved from <http://digitalcommons.unl.edu/libphilprac/1238>
- Ou, C. X. J., & Davidson, R. M. (2007). *Knowledge management problems, causes, and solutions: Junior knowledge workers perspectives*. 11th Pacific-Asia Conference on Information Systems. Retrieved from <http://www.pacis-net.org/file/20007/1234pdf>
- Prakash, P. (2017, November 19). What is the meaning of ease of doing business. *Quora*. Retrieved <https://www.quora.com/what-is-the-meaning-of-the-ease-of-doing-business>

- Uzuegbu, C. P. & Arua, U. (2015). Understanding the scope and perspectives of information management and knowledge management. In K. N. Igwe, C. O. Nnadozie, A. O. Unagha, C. P. Uzuegbu, & M. M. Naga (Eds), *Fundamentals of Knowledge Management for the Knowledge Economy*. [pp.32-42]. Lagos, Nigeria: Zeh Communication.
- Virkus, S. (2014). Developing a knowledge management strategy. *Strategic and Planning Issues of Knowledge Management*. Retrieved from http://www.tlu.ee/~sirvir/IKM/Strategic_Issues/developing_a_knowledge_management_strategy.html
- Wilton, B. (2014, September 15). How the private sector drives economic growth and well-being. *International Trade Forum*. Retrieved from <http://www.tradeforum.org/article/how-the-private-sector-drives-economic-growth-and-well-being/>