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RESEARCH ARTICLE

APPLICATION OF KNOWLEDGE MANAGEMENT ADOPTION IN SERVICE INDUSTRY

Sulbha Waghmare

Assistant Professor, Department of Management (MBA), Indira Institute of Management, Pune, India.

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Abstract

The service industry has emerged as the largest and fastest-growing sectors in the world economy, making higher contributions to the global output and employment. As the information age moves into the knowledge economy, that knowledge management has become an important point for discussions on mechanisms to facilitate service industries acquiring greater competitive advantage based on the production, distribution and use of information. Knowledge management is a device of strategies and practices that used in organizations which is primarily important for the growth of service industries. Within the service industry, it is increasingly being acknowledged that knowledge management can bring about the much needed innovation and improved business performance the industry requires. David Gurteen (1998), defines knowledge management as set of organizational design and operational principles, processes, organizational structures, applications and technologies that helps knowledge employees dramatically leverage their creativity and ability to deliver business value, while Robinson et al. (2005) perceive the notion of knowledge management as a vehicle for continuous improvements of organizational performance. This study highlights on the best practice application of knowledge management adoption in the service industry include Academia, Insurance, Hospitality & Tourism, Public Transport and Financial Services. These service industries enjoy the benefits from having organised knowledge management programs in the form of improving business decisions, increasing efficiency and productivity, increasing customer satisfaction and enhancing service quality. Thus, the growing interest in knowledge management stems from the realization that in the knowledge era, organizational knowledge is a strategic corporate asset that needs to be garnered, retained, updated, disseminated and applied to future organizational problems.

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Introduction:-

The service industry has emerged as the largest and fastest-growing sectors in the world economy, making higher contributions to the global output and employment. Its growth rate has been higher than that of agriculture and manufacturing sectors. It covers a wide range of activities, such as trading, transportation and communication, financial, real estate and business services, as well as community, social and personal services. As the information

Corresponding Author:- Sulbha Waghmare

Address:- Assistant Professor, Department of Management (MBA), Indira Institute of Management, Pune, India.

age moves into the knowledge economy, that knowledge management has become an important for continuous changes and improvements to enhance the service processes (KLICON, 1999). Carlsson defines knowledge management as the process of identifying, managing and leveraging individual and collective knowledge to support the firm becoming more competitive.

Knowledge management has helped from the amazing development of computer technology which provides the people with the ability to digitally capture search and transmit knowledge and electronically contact with other people (Carrillo et al., 2000; Blumentritt & Johnston, 1999). The service organisations have showed an increased awareness of knowledge management as a necessary prerequisite for improving quality, business performance, efficiency of service delivery, relationships with partners, suppliers and clients and innovations to gain competitive advantages (Egan, 1998; Kamara et al., 2002; Love et al., 2003). Knowledge management systems provide end-users with the tools and services necessary to capture, share, re-use, update, and create new experiences and best practices to aid them in processes, such as problem-solving, decision-making and innovation, without having to spend extra time, effort and resources.

Knowledge management is a device of strategies and practices that used in organizations which is utmost important for the growth of service sectors. Within the service industry, it is increasingly being acknowledged that knowledge management can bring about the much needed innovation and improved business performance the industry requires (Webb, 1998; Egbu et al. 1999). Kamara et al. (2002) stated that the effective knowledge management is being recognized as a vehicle through which organizations can address their need for innovation and improved business performance.

The success of service sector in today's competitive market place depends mainly on the quality of the knowledge it possess regarding its markets, products, services, and technologies. Kamara et al. (2000) noted that among the various initiatives for addressing the challenges facing the service industry, it is recognised that the organisational knowledge is necessary if service industries are to remain competitive, and adequately respond to the needs of their clients.

Thus, the growing interest in knowledge management stems from the realization that in the knowledge era, organizational knowledge is a strategic corporate asset that needs to be garnered, retained, updated, disseminated and applied to future organizational problems.

Objective of the Study:-

The main purpose was to study the best practice application of knowledge management adoption in the service industry.

Research Methodology:-

This study highlighted some best practice application of knowledge management adoption in the service industry that benefited from knowledge management adoption include insurance industry, educational industry, Tourism and Hospitality industry, Supply chain industry and financial services. These service industries enjoy the benefits from having organised knowledge management programs. They include increased innovativeness, enhanced efficiency, better decision making, fast responsiveness to clients, enhanced flexibility, improved quality service, reduced duplication of effort and greater employee empowerment.

Review of literature:

Hallin & Marnburg (2008), states that the tourism and hospitality industry is one of the largest users of information technology. Moreover, the hospitality industry can benefit from KM activities and systems in respect to development of knowledge networks among clusters of tourism enterprises and emphasizing knowledge sharing, which can improve employee's knowledge of unique guest's/customer's needs. KM is particularly applicable for hotel chains in terms of their requirement for consistency in quality standards of their geographically dispersed hotels.

Phil Britt (2017), emphasizes that financial services firms are using knowledge management solutions for data sharing across the organization, to permit authorized access to sensitive information while blocking unauthorized access and to analyze potential investments.

Pérez-Salazar and Cedillo-Campos (2017), states that KM can be viewed as a leverage mechanism for supply chain integration, enhancement of intra and inter-firm relations across supply chain, supply chain strategy alignment, product development, procurement/supplier management, supply chain collaboration, customer relationship management and supply chain learning.

Hélcio Raymundo, Oduvaldo Vendrametto, João Reis (2016), concluded that KM helps to utilize some available resources of bus companies in a smart and efficient way to achieve higher business goals in a productive fashion. It also showed that it's possible, with low cost or nearly no cost, to reach the development of new opportunities, creating value, obtaining competitive advantages and improving performance to attain the objectives of bus companies and their emerging needs.

Bhusry and Ranjan (2011b) developed a KM framework that enables higher education institutes to better capture, structure and disseminate institutional knowledge. This framework is based on aiming KM to functional domains (e.g. strategic planning and development, research processes, placement services, teaching and learning process, student and alumni services, administrative services, and student's affairs).

Ahmad Suffian Mohd Zahari (2014), examined the relationship between customer knowledge management dimensions and the organisational performance among insurance companies in Malaysia. The results showed that insurance companies need to focus on their customer knowledge management practices especially in obtaining and managing their customers' knowledge in order to identify customer complaint, needs/wants and customer preferences which would enhance service quality.

Best Practice Application of Knowledge Management Adoption in Service Industry:

Now let us see the benefits of best practice application of knowledge management adoption in service industry are found and effectively transferred throughout the organisation, in order to harvest the fruits that a best practice initiative holds.

1. The Hospitality & Tourism industry is the fastest-growing of industries across the globe because it is a myriad of different services which has a wider aspect and scope to enhance and improve its operations. Also with the change in the expectations and demands of customer base, this industry requires sound knowledge in accordance with the changes in customer preferences and knowledge of key process for achieving high level of competency to combat ever increasing global competition. Therefore, knowledge management in this industry is not only required for value creation but also for providing satisfactory customer experience. An effective adoption of knowledge management approach by leveraging Chatbots, robots and other forms of artificial intelligence provide customers with on-demand information and personalised recommendations, also facial recognition technology is opening doors to time saving services, whereas smart hotel rooms equipped with Internet of Things connectivity allow guests to customise their experience with an app or their voice. This enriching experience makes the guests feel with greater customisation, convenience and control.
For Financial Services firms the use of knowledge management tools continues to grow and change with the industry itself. So financial services providers will continue depend on a variety of knowledge management system to help customers with financial advice, connect with customers by multichannel routing through phone, email, chat, digital channels and skills-based routing, as well as screen share and video and co-browsing enabling quicker connections to specialists for credit card, stop check or other specialty needs as well for fraud detection and to better protect sensitive customer and corporate information thereby improving business decisions, increasing efficiency and productivity, increasing customer satisfaction and enhancing quality.
2. In today's global Supply Chain environment, an effective knowledge management system enhances maritime logistics value through market specific knowledge, firm-specific knowledge and co-opetition. Market specific knowledge mainly emphasis on new trends in the firm, business culture or practice of the market, customer demands on a firm's service, and behaviour of competitors. Firm-specific knowledge focuses on a certain operational technology, experience and expertise of the employees. And co-opetition emphasises win-win scenarios between competitors. These types of knowledge help maritime operators to adapt themselves to a new business environment, and learn innovative business skills and practice which in turn rise to higher operational efficiency and service effectiveness leading to the enrichment of their competitive capabilities.
3. Knowledge Management has brought innovation in Public Transportation bus services from diesel bus to electric bus. The electric buses are currently being used in a number of public transport networks around the world as they have less operating and maintenance costs and can greatly reduce air pollution in urban environments which is one of the major concerns. Electric buses are conveyance efficient, convenient,

comfortable, generating far less noise, zero exhaust and safe as there are sensors monitoring safety than diesel buses. These electric buses are likely to encourage people to leave their cars and bikes at home and thus make cities greener.

4. There is also an increase of interest towards knowledge management system in academia. The academic management markets are becoming global as universities attempt to internationalize their curricula and offer high quality programs to students. Academic sector also needs to meet the demands from industry. Firms want flexible and adaptable knowledge employees. Universities are also expected to develop people who can lead, who can create new knowledge, who can see new problems and imagine new ways of approaching old problems. Universities have a role to make people to go beyond the present and be able to respond to a future which cannot be imagined. If knowledge management system is properly developed within academic management, it would improve academic management performance and productivity which could help in the growth of learner centred knowledge and action learning, growth in work-related learning, movement from closed to open knowledge systems and extensive development in computer-based communication technologies.
5. The Insurance Industry is experiencing change at a rate that has not been seen for at least a decade. The regulations that govern the industry are changing at the same time, and therefore, knowledge management by effective leveraging of technology helps insurance firms set price policies, determine risks, improve customer service, and control costs. In fact, knowledge management for insurance is vital for both the front line insurance firms and their reinsurance partners. However, the profitability of the firm depends upon its capability to accurately predict losses, price its insurance products for risk, and determine the correct premium prices to cover claims while providing a profit. This must be achieved while remaining competitive. Accurate pricing hinges on a firm's knowledge management abilities. Further, to support insurance firms operations and customer service, there is a need for a robust system to satisfy auditors who want to see the tightest controls available for computing loan loss reserves.

Conclusion:-

Knowledge Management has proven its importance in practice and many organizations have significant amount of investments in better managing their knowledge and encourage sharpening the competitive advantage from their intellectual assets. The adoption of the correct knowledge management tools in the firms would rise to higher operational efficiency and service effectiveness leading to the enrichment of their competitive capabilities.

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