



On The Role of Knowledge Management in Strategic Planning of Organizations

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Abstract

Complex and ambiguous environments make organizations to learn in order to maintain, grow and provide better services in their environment. One of the most important means of continuous creation of knowledge is its sharing a key resource among all units and members of today's knowledge-based economy. Many organizations and companies are trying to increase the levels of effectiveness and efficiency through implicit and explicit knowledge. Management experts define strategic planning according to achievement of goals. According to the current changing and complex conditions of organizations, gaining a competitive advantage is the only indicator that shows the superiority of organizations over each other and guarantees their survival. Nowadays, this knowledge can create a sustainable competitive advantage for organizations. This requires the formulation of clear strategies for knowledge management in the organization.

Organizations should determine the relationship between knowledge and strategy through strategic planning of knowledge management. This article examines the relationship between knowledge management and strategic planning of the organization by using library studies.

Keywords: Knowledge management, Strategic planning, Competitive advantage.

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Introduction

In our age, as the age of knowledge, organizations are witnessing environments that are becoming more dynamic and challenging day by day (Delcea C, *et al.*, 2023; Delcea C, *et al.*, 2021). Change is an integral part of this world. The only constant is the change. Organizations with large traditional and inflexible structures cannot survive in such an environment, and in today's competitive world, they must change their structure or equip themselves with tools for adapting to these changes and control them (Bululoi AS, *et al.*, 2021; Rad D, *et al.*, 2023). Intangible and spiritual capitals, called knowledge, are supposedly an important factor. Organizations will be successful and victorious in the middle of changes and developments that can improve and develop their intangible and spiritual capitals, knowledge. In the meantime, it is important that the acquisition of knowledge and access to the knowledge reserves of the organization is not possible without learning. Learning is the key to gaining knowledge assets and thus increasing intangible capital.

Organizations constantly try to improve the knowledge of employees who take part in strategic processes in order to manage knowledge and encourage their employees. Thus, they actively take part in knowledge management processes and help to create and transfer organizational knowledge. This forms a useful cycle of

processes that helps to develop the knowledge base of the organization and the human capital of the organization (Morowati, Behfar 2021).

Companies and organizations have gradually emerged in the history of social life according to the necessity of the continuation of life and the human survival, and received the current shape along with the evolution and development of science, techniques, skills, and lifestyle. An organization can distinguish itself from other competitors by constantly providing superior quality services compared to others, and researchers have praised quality as an indicator of competitive advantages (Asadifar *et al.* (2013).

We are living in the new millennium. This period uses various terms such as post-industrial age, information age, third wave or knowledge society to describe the current situation. Regardless of the mentioned terms, the concept of knowledge management, as most of the experts believe, is one of the important issues. This concept has created excitement and caused a lot of discussion and debate. Knowledge management as an approach is rapidly strengthening and it pays great attention to the recent challenges to increase the efficiency and improve the effectiveness of business-oriented processes along with continuous innovation. A need for knowledge management based on the growth of the perception of business population originates from the fact that knowledge in organizational performance and access to sustainable competitive advantage is supposedly an important element (Davenport & Grover, 2011).

Such a fundamental and high-level orientation has important consequences in the processes of middle and final levels in the organization. Indeed, it is simply not possible to absorb and apply the concepts, tools, techniques and strategies of knowledge management in future developments in order to establish knowledge-based companies, because it requires the correct selection of tools and techniques that have their use in a coordinated manner. Understanding of existing technological infrastructures, organizational structure and commercial and cultural infrastructures is essential in order to make the correct choice of the technology. Understanding the composition of these components is very important to achieve the efficiency and effectiveness of the organization, which leads to the achievement of organizational goals. We should discuss first the hidden dynamics in the knowledge economy and knowledge management in order to transform the company into a knowledge-based institution through technologies and strategies of the knowledge management (Wilcox, 1997).

The *raison d'être* of knowledge management is to provide a framework that integrates individuals, processes and technology to create, develop, share and promote knowledge capital. Putting this in mind, knowledge is both an entity and a process; it is entity because we can identify it in its implicit and explicit forms and process because it has stages of direction, creation, recovery, development and sharing.

Regarding the importance of knowledge in the individuals' minds, knowledge management provides a basis for transferring knowledge to all organizational arteries easily. Processes and technology help it. Processes create a basis for development and provide the transfer of knowledge. Technology facilitates the process of knowledge processing in the organization and provides access, retrieve, transfer and storage.

Knowledge is, in today's knowledge-based economy, a key resource that must be managed, like material and human resources. Many organizations and companies in the world are trying to increase the levels of effectiveness and productivity by emphasizing implicit and explicit knowledge. As Mackintosh states, knowledge management includes planning and control processes to develop knowledge assets for achieving organizational goals. Knowledge is undoubtedly the most important tool in the present and future markets for excellence and survival and a lever of power and influence for all organizations (Beykjani, Roodgar, 2013).

Nowadays, organizations must have competitive advantages in order to improve their performance and face competitors, because superior performance, as the goal of all organizations, comes from their competitive advantage. Competitive advantage in recent years has been at the center of the discussion of competitive strategies (Tai Ghoshal, 1998).

Competitive advantage includes a set of factors with capabilities that always enable the organization to perform better than competitors. In other words, it is a combination of factors that make the organization much more successful than other organizations in a competitive environment so that competitors cannot easy to imitate it (Chen *et al.*, 2009).

Sustainable competitive advantage has features such as durability, top security, suitable tolerance, high biological capability, support, high acceptability, chief power of justification and proper persuasion, and considerable negotiation power. Of course, the competitive advantage of all or some of the above features will exist in it in proportion to the intensity and strength of sustainability (Grant, 1995).

Another factor in knowledge management is strategic planning. The strategic capability of employees is a concept oriented to the ability of employees to design and implement strategies that create a sustainable competitive advantage for the company.

Most management texts have measured the strategic capabilities of employees from two aspects: - 1 strategic value - 2 uniqueness. Strategic value is the ratio of strategic benefits resulting from a person's expertise that is created for customers, to all the costs that the organization incurs for that person. The strategic value of employees depends on their potential ability to achieve competitive advantages with core capabilities for the company (Ulrich and Lake, 2018).

Organizations should determine the relationship between knowledge and strategy through strategic planning of knowledge management. Strategic planning of knowledge management is creating a vision of organizational knowledge, creating a knowledge management strategy, designing a knowledge management architecture, and organizing a series of processes, activities, and resources for implementation. The knowledge management strategy includes a knowledge management process that is related to the organization's macro strategy. Their creation is the knowledge management strategy, which includes the knowledge management process that is associated with the organization's macro strategy. Indeed, knowledge strategy is a connection point between the knowledge process and the organization's strategy process. Thus, the knowledge strategy is supposedly a part of the organization's strategy, which aims to create a competitive advantage by placing existing environmental opportunities alongside the organization's capabilities. It makes the organization safe from environmental threats by identifying and calculating potential environmental risks and checking them along with weaknesses (Nikokar and Hakim 2011).

Theoretical foundations

Knowledge as a competitive advantage As some experts believe, the world is currently in the second half of the transition of the economy from the age of information-based competitive advantage to the age of knowledge-creation-based competitive advantage. The world is experiencing the age of knowledge, in which knowledge is essential, knowledge trends have been supposedly the most important factor in the economy, and added value in today's business system belongs to the knowledge not goods. As most managers believe, the basic assets in the competitive world are the knowledge assets or intellectual capital of its employees, as an important and unique concept of organizational knowledge. Therefore, managers should handle knowledge assets, although market share technology and products can create a competitive advantage, but it is temporary because these items can be copied by competitors; only knowledge cannot be copied with its many fields and difficulty of a direct transfer and distribution of tacit knowledge (Beykjani, Roodgar 2013).

Knowledge management is a planned and structured perspective to share and store knowledge as an organizational asset for improving the speed and effectiveness of the organization in providing products or services to customers in line with business strategy. As long as the organization has not determined its definition of knowledge and has not identified the type of knowledge that is important from an organizational point of view, it cannot manage its operational knowledge. Clearly, all knowledge is not of equal value (Morowati, Behfar 2021).

The primary goal of knowledge management is to manage explicit and implicit knowledge in the organization. Organizations, for managing explicit knowledge, must gain and create knowledge and encode and organize it for ease of access. Almost all the human activities require a combination of tacit and tacit knowledge. Acquiring both implicit and explicit knowledge is necessary for effective knowledge management. What makes a real challenge for knowledge management is the ability to recognize and gain tacit knowledge so that it can be retrieved when needed. Explicit knowledge is easily registered and transferred, but it is difficult to recognize, acquire, and transfer tacit knowledge. Therefore, the use of tacit knowledge is left to chance. Converting tacit knowledge to explicit one is difficult, but not impossible (Beykjani, Roodgar, 2013).

According to the current changing and complex conditions of the organizations, acquiring a competitive advantage is the only indicator that shows the superiority of organizations over each other and guarantees their survival. This knowledge can create a sustainable competitive advantage for organizations. This requires a formulation of specific strategies for knowledge management in the organization. Organizations should determine the relationship between knowledge and strategy through strategic planning of knowledge management (Namdarian 2017).

Strategy is management plans and programs to achieve results set for the organization and maintain the helpful position of the organization through maximizing the strengths and minimizing the weaknesses of an organization (Yahyazadeh, Hajarian, 2010).

Strategic planning helps the organization to prepare itself for new situations, adjust behaviors and create reactions to the circumstances. This process leads organizations to some actions such as acquiring awareness and insight in the territory of their control, adopting appropriate strategies for changing environments,

developing a solid foundation for decision-making and improving decision-making skills and insights (Seyyedi *et al.* 2013).

The relation between the strategy of knowledge management and organizational strategy is reciprocal. The strategies of knowledge management are an inseparable part of the organization's macro strategy; so we can say that the organization's strategy influences the knowledge strategy, because the ability and capability of knowledge management before, during and after the planning is of considerable importance [Gottschalk 2006]. The concept of competitive advantage is directly associated with the values of the customer, so that in a comparative spectrum, the closer the values offered by an organization are to the desired values of the customer, the organization is better than its competitors in one or more competitive criteria (Hosseini 2019). Strategy is management plans and programs to achieve results set for the organization and maintain the helpful position of the organization through reducing the weaknesses of an organization (Yahyazadeh, Hajararian 2010). Strategic planning helps the organization to prepare itself for new situations, adjust behaviors and create reactions to the circumstances. This process leads organizations to some actions such as acquiring awareness and insight in the territory of their control, adopting appropriate strategies for changing environments, developing a solid foundation for decision-making and improving decision-making skills and insights (Seyyedi *et al.* 2013).

Implementing knowledge management for achieving the desired perfection requires many and significant changes in the process of infrastructure and culture. Achieving a sudden rise is improbable, and therefore, continuous improvement is an evolutionary step-by-step process. This evolutionary process of knowledge management that is formed over time is interpreted as the maturity of knowledge management (Ahmadi *et al.* 2017). Knowledge management is a level of the organization's capabilities that has different dimensions (Khatibian *et al.* 2010). Creating a framework for knowledge evaluation contributes significantly to understanding the benefits of knowledge management and its evolution. Knowledge management models address the static nature of the framework for evaluating knowledge management performance (Chen, Fong, 2012).

Organizational knowledge management

How can we achieve internal and external transparency of existing knowledge? Identifying external knowledge means describing and analyzing the company's knowledge environment. Now, many companies are having trouble in preparing a general picture of their skills, internal and external data and information. This non-transparency has led to the ineffectiveness of informal decisions and rework. Hence, effective knowledge management should ensure sufficient internal and external transparency and help employees to find their needs.

Knowledge acquisition: What kind of expertise should we get from abroad?

Companies import an important part of their knowledge from external sources. They can buy knowledge from experts and other innovative companies (Honari, 2010).

Knowledge development: how can we make new expertise? Knowledge development is a fundamental element that complements knowledge acquisition; it focuses on new skills and products, better ideas and more efficient processes. Knowledge development includes all management efforts that consciously focus on producing abilities that have been not yet presented within the organization or even do not exist inside or outside it (Sharifzadeh 2014).

Knowledge sharing and distribution: How can we transfer knowledge to a right place? How can we facilitate knowledge sharing and distribution? The condition for transforming isolated information and experiences into what the entire organization can use is distribution and sharing within the organization. The key questions: who should know about what and how much? Or who should be able to do what?

There is a belief in organizations that hoarding knowledge is power, and sharing knowledge weakens the power of an individual and his position. As long as this belief exists in organizations, knowledge sharing will not take place or will take place with difficulty. Therefore, we should show in practice that the power of an individual is doubled by sharing knowledge. If we see sharing knowledge as a loss of power, it will lead individuals to maintain their personal power base and do not share and publish their knowledge efficiency.

Use of knowledge: How can we guarantee the application of knowledge? The knowledge management tries to ensure whether the existing knowledge of the organization is usefully used for its benefit. Unfortunately, the successful identification and distribution of knowledge does not guarantee that it will be successful in the company's daily activities (Honari 2011).

Knowledge retention: How can we make sure that we don't lose knowledge? The selective retention of information, records and experiences requires management. Organizations usually complain that

reorganization has cost them a part of their memory (knowledge). Thus, the processes of selection, storage and regularly updating knowledge that has potential value for the future should be carefully organized. If this fails, valuable expertise may be simply discarded. Knowledge retention depends on the effective use of a wide range of organizational storage media (Sharifzadeh (2014).

Reasons for knowledge management: Organizations deal with knowledge management for several reasons. Increasing innovation in the organization is the first. Another major reason is the resignation and retirement of individuals who left the organization. The theme for an organizational memory with a knowledge base will increase by identifying the knowledge of employees before their retirement. Work communities in which individuals share their beliefs, opinions and values should be part of knowledge management programs. It creates a sense of belonging in individuals and makes them share what they have learned. Thus, the attachment of individuals should increase because the conscience of employees increases during membership in these work and cooperation communities. The return of the organization's insight should be considered in contrast to the return of capital through knowledge management activities, and knowledge management should expand the organization's insight. Sometimes quantifying the return on investment in knowledge management activities seems difficult, so some organizations encourage the return of insight approach (Leibowitz, 2014).

Strategic planning

The word strategy is derived from the Greek word *strategia*, referred to as the art and science of leading military forces. Strategy is, as defined, the management plans and programs to achieve results under the mission and goals of the organization. Another definition: Strategy is a comprehensive, unified and complete plan that uses special advantages of the institution to face major environmental changes for achieving the goal. Henderson, a prominent expert and the founder of the Boston Consulting Group, defines strategy: creating a unique advantage to differentiate the organization from its competitors; he considers the management of this differentiation to be the basis of strategy (Arabi and Morowati, 2012).

Strategic planning plays a key role in the success of organizations in the competition. This type of planning, if planned correctly, leads to the selection of strategies that, if implemented correctly and on time, bring the excellence and leadership to the organization. Nowadays, the economic activities of the world are carried out by a combination of large, medium and small organizations. All these organizations seek, in a turbulent environment and a highly competitive market, to win against their competitors and satisfy the needs of their customers.

Strategic planning, if planned and implemented correctly, is a useful tool for the success of companies in the global competition market and can keep them afloat (Haqiqi *et al.*, 2008).

Strategic knowledge management

Knowledge management is an expensive action for the organization; so, knowledge management should lead to a competitive advantage for the organization. This requires a detailed strategic planning for knowledge management in the organization. Strategic planning of knowledge management is simply a set of processes to understand and use the strategic source of knowledge in organizations. These processes can include things such as a vision of organizational knowledge, a knowledge management strategy, designing knowledge management architecture and organizing a series of processes, activities and resources to implement them. The knowledge management strategy should be a part of the company's overall strategy and be in line with the philosophy, mission, goals, and organizational capabilities. It should consider also the threats, opportunities, weaknesses and strengths of the organization (Namdarian 2017).

Conclusion

As the article explained, knowledge has always been and is important, but its more importance now is because of the application of its power to get a sustainable competitive advantage. Great economic theorists consider knowledge as the ultimate competitive advantage for new organizations. The knowledge in their view is the only resource that is difficult or even impossible to imitate and copy. Its owner has a special product. In today's competitive environment, the companies need successfully to maintain competitive advantage and support it. Companies should have such capabilities to develop and exploit competitive advantage through which they can create rare, valuable and inimitable resources. Knowledge is a competitive advantage that is difficult to imitate and copy and should be developed as a part of organizational learning. Knowledge is a concept and capability that cannot be destroyed by its consumption, so this resource can help the organization's decision-

making. Knowledge management is an expensive measure for the organization. Thus, knowledge management should lead to a competitive advantage for the organization. This requires a detailed strategic planning for knowledge management in the organization.

It is very important to determine the right strategy and the right planning for it in order to gain a competitive advantage in the environment of competition. Therefore, the use of knowledge management plays a fundamental role in maintaining and determining the direction of these efforts.

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