



Contents lists available at ScienceDirect

## Utilities Policy

journal homepage: [www.elsevier.com/locate/jup](http://www.elsevier.com/locate/jup)

# Closing the Knowledge-Application Gap in Organisations through Incentives: Experience from the National Water and Sewerage Corporation in Uganda

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## ARTICLE INFO

## Article history:

Received 16 June 2015

Received in revised form

14 September 2016

Accepted 14 September 2016

Available online xxx

## Keywords:

Change management

Incentives

Knowledge application

Knowledge and capacity development

(KCD)

Knowledge management

Learning

## ABSTRACT

Recent decades have seen a steady rise of knowledge and capacity development (KCD) interventions targeting organisations in developing countries. This paper argues that very often the main challenge facing organisations is not the development of knowledge and capacity per se, but their actual use. Drawing on the case of Uganda's National Water and Sewerage Corporation (NWSC), we identify and discuss a number of interrelated factors (internal and external) that have allowed the utility to turn its knowledge base into improved performance. We conclude that utilities can close their knowledge-application gap by introducing a corporate culture that motivates staff to apply their knowledge.

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## 1. Introduction

Over the past decades, knowledge has been increasingly viewed as a critical factor in the success of organisations in most development sectors, public as well as private (Penrose, 1959; Nonaka, 1994). This recognition has fostered the emergence and application of a variety of organisational approaches (e.g., knowledge management, capacity development) and tools (e.g., ICT software) aimed to facilitate the creation (or acquisition) of valuable knowledge. However, even when new knowledge is acquired, many organisations continue to underperform (Pfeffer and Sutton, 2000). The water sector in many developing countries has experienced the above developments since the 1990s. By the end of the International Drinking Water Supply and Sanitation Decade (1981–1990), it became clear that the provision of hardware infrastructure alone was no panacea for water supply problems in developing countries. Strengthening the capacity of individuals, institutions,

organizations and the creation of an enabling environment was recognized as being equally important (Alaerts et al., 1991). Therefore, knowledge and capacity development (KCD) interventions in water utilities multiplied using different mechanisms, notably public-private partnerships, reforms of public utilities by introducing business-like management practices (Schwartz, 2008), and water operator partnerships (Schwartz, 2008), in addition to traditional education and training. However, successful utilities in developing countries are still rare, as many are still locked in a spiral of capacity and performance difficulties (Baletti et al., 2006; Mugisha and Brown, 2010), resulting in an inability to extend their services to consumers, especially the poor.

In this paper, the authors argue that many organisations in developing countries are unable to perform well, not necessarily because they lack the necessary knowledge and capacity, but rather because they lack the ability to turn the knowledge at their disposal into action. As long as the existing knowledge is not used and applied, an organisation will continue to have poor performance no matter how much new knowledge is acquired. This paper investigates how the National Water and Sewerage Corporation (NWSC) of Uganda, a well-performing and leading water utility in

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Africa, has been able to foster the application of its knowledge base. The paper draws on theories of knowledge management (KM) and learning, and the analysis is based on empirical research at NWSC in Uganda. The following section discusses the theoretical context and highlights the research focus. Section three presents the context for the empirical research and the methodology used in this study. Section four introduces the change management programmes implemented in NWSC and discusses the main factors influencing the actual application of knowledge. Section five concludes the paper.

## 2. Theoretical context and research focus

### 2.1. Knowledge management

There are many definitions of KM in the literature, but the concept is generally described as a dynamic cycle, consisting of different knowledge processes aimed at increasing efficiency, innovation and performance of organisations (Hawley, 2012). The main processes reflected in literature are generation, codification, transfer, application (use), and evaluation of knowledge (Alavi and Leidner, 2001; Nonaka and Takeuchi, 1995; Weggeman, 1997). This implies that knowledge application is a crucial step in KM since, in order to add value, new knowledge should be reflected in organisational products, services, and systems. A distinction is made in the literature between technological and non-technological (managerial) approaches to KM. The former rely mainly on a variety of ICT applications (such as intranets, knowledge portals, Geographical Information System, etc.) (Marwick, 2001; Tsui, 2005); the latter generally emphasize the managerial, social, and cultural aspects of KM (e.g., human resources policies, building communities of practice, incentives, etc.) (Davenport and Prusak, 2000; Wickramasinghe, 2003). It appears however, that the two approaches complement each other and that meaningful models of KM generally combine aspects from both approaches, such as the Knowledge Value Chain (KVC) by Weggeman (1997). It emphasizes direct linkages between KM processes (development and/or acquisition, sharing, application and evaluation of knowledge) and organisational variables (goals, strategy, culture, management style, personnel, structure, and systems) that influence and shape these KM processes (see Fig. 1).

### 2.2. Learning and action learning

Learning theories provide complementary insights for understanding how organisations can effectively foster knowledge application. In particular, the literature emphasizes two dimensions of learning, which must occur for actual learning to take place, notably: (1) the acquisition of know-why (or the ability to articulate a conceptual understanding of an experience), and (2) the ability to produce some action (know-how) (Argyris and Schön, 1978; Senge, 1990; Kim, 1993). The experiential learning theory (Dewey, 1926; Lewin, 1951; Kolb, 1984) is perhaps the most consistent in terms of highlighting the two aspects of learning. In this regard, Kolb's

(1984) learning cycle delineates four stages (concrete experience, reflective observation, abstract conceptualization, and active experimentation) through which learning takes place and that provide a comprehensive understanding of the two dimensions of learning. Similar to the concept of KM, this literature on learning stresses the idea that the possession of knowledge *per se* is not enough to foster change, in this case improvement of organisational performance. The newly acquired knowledge must be used in order to be mastered and translated into tangible results at the field level. In organisational learning and capacity development practice, approaches such as action learning, which draw on experiential learning theory (Boshyk and Dilworth, 2010; Revans, 2011), operationalize the link between the two dimensions of learning. In action-learning setups, participants are involved in concrete, work-related activities from which they learn and subsequently undertake action as a result of learning. Essentially, action learning allows learners to use new knowledge in a real-life context and to make (and learn from their) mistakes.

### 2.3. Knowledge management and learning enablers

A variety of KM and learning enablers have also been identified by the literature. These include structure, culture, organization size, people, and KM methods (Bennett and Gabriel, 1999); characteristics of knowledge (Zander and Kogut, 1995; Hansen, 1999); source–recipient context (Szulanski, 1996); weak ties (Hansen, 1999); KM strategy (Bierly and Chakrabarti, 1996); collaborative experience (Simonin, 1997); infrastructure capability (Gold et al., 2001); shared vision, team learning and commitment to learn (Senge, 1990); leadership, intention, and autonomy (Nonaka and Takeuchi, 1995); and incentives and collaborative environments (Marsick and Watkins, 2003). Most of these enablers are captured by the organisational variables of the KVC model (Weggeman, 1997). Nevertheless, the factors addressed in this literature are mostly internal to organisations, while little is said about external factors. Yet the environment in which organisations operate shapes them and influences their functioning, including their learning processes. The concept of “enabling environment”, commonly used in the capacity development literature, captures these external factors, referring to aspects such as policies and strategies, laws, regulatory frameworks, and fiscal regimes governing a particular sector (Alaerts and Kaspersma, 2009).

### 2.4. Research focus

In the light of this theoretical context, the focus of this paper is on the knowledge application process in the KM cycle. Taking a water utility as a case, we investigate the conditions under which organisations foster effective application of their individual and organisational knowledge to improve performance. We hypothesize that knowledge application in water utilities is not always straightforward and cannot be taken for granted. Water utilities, like other organisations, must develop appropriate conditions (e.g., flexible structures, accountability frame, employee incentives,



Fig. 1. Knowledge Value Chain (KVC) model (Weggeman, 1997).

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