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RESEARCH ARTICLE



Challenges of justification of investment in organizational knowledge management

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ABSTRACT

This paper aims to explore the interrelation between the difficulty in justifying to executives the resources necessary for knowledge management (KM) in initiatives and the challenges in understanding the value of optimal KM. From in-depth personal interviews and group interviews with 41 KM professionals, we reveal eight significant challenges that may explain the difficulty of understanding the true value of KM for knowledge-intensive organisations. We reveal that these challenges have a significant effect on the perceptions of the profitability of budget investments in tools and practices aimed at improving knowledge flow in organisations. Given that the present study is the antithesis of previous research, we suggest that future researchers deepen the research of the positions of senior executives regarding KM. This research is unique in its attempt to close the gap in the literature created by the lack of scientific studies on the challenges at the heart of the discipline.

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1. Introduction

Although it is challenging to define organisational knowledge (Bibi et al., 2020), the management literature discusses role of knowledge at length. From the perspective that knowledge is an ability to produce good results, a knowledge-intensive organisation is defined as “a firm that can produce exceptionally good results through the help of outstanding expertise” (Alvesson, 1993, p. 1001). De facto, it is natural that the primary workforce in a knowledge-intensive organisation should have a high level of education or training; that is, a workforce that can be considered to be of an intellectual nature (Hislop et al., 2018).

This paper draws on the Resource Based View (RBV), which refocused the strategic thinking relating to organisational success from external factors to internal organisational resources. According to this dominant management outlook, companies should characterise themselves strategically based on their valuable unique resources and abilities that cannot be imitated (Handzic, 2017). The firm’s resources consist of all the assets that it holds or is under its control – tangible and intangible, human and non-human – the implementation of which makes it possible to produce value (Halawi et al., 2005).

From this aspect, knowledge is considered the most important strategic resource of any organisation, as its acquisition and efficient use may lead to a sustainable competitive advantage (Halawi et al., 2005; Handzic, 2017). Knowledge Management (KM) “consists of a set of management activities that enable the firm to

deliver value from its knowledge assets” (Andreeva & Kianto, 2012, p. 618). On the other hand, poor KM may involve the realisation of acute dangers, even to the extent as to cause serious crises in an organisation (Nakash & Bouhnik, 2020b).

KM constitutes a systematic management of activities, practices, plans, and policies pertaining to knowledge (Wiig, 2000). It has been claimed that that managers invest in KM only with the expectation of some return on their investment (Heisig et al., 2016). Indeed, a rich literature explores the idea that efficient KM can increase organisational performance (Andreeva & Kianto, 2012). That said, it is not uncommon to find firms that conduct KM in an ad-hoc and unsystematic manner. Moreover, not many managers know how to properly manage the knowledge resources (Dalkir, 2005).

More and more senior executives are grappling with the decision whether to invest in KM. In other words, they seek to understand the value proposition of investing in regulated practices for organisational KM (Zyngier, 2006). Accordingly, knowledge managers are still struggling to establish justification, which explains the necessity of allocating the resources required to initiate and preserve this paradigm in the organisation (Brahma & Mishra, 2015). It is clear that any organisational KM programme operates with limited resources, no matter how well-established and well-funded. “In many cases, they are asked to deliver more in terms of scope, capabilities, and results each year” (APQC, 2019a, p. 1).

To the best of our knowledge, no study delves into the significance of the difficulties of justifying the value of investment in KM efforts to senior management in knowledge-intensive organisations. Furthermore, despite the importance of the issue, empirical research on KM challenges is, to date, limited (Lee & Chen, 2012). Specifically, the voices of KM professionals are absent regarding these important issues. In the light of the above, we wish to expose the full picture of the interrelations between the difficulty in justifying investment in KM and the challenges in understanding the value of KM and its contribution to knowledge-intensive organisations.

We present this picture from the perspective of 41 KM professionals. As will be described in detail later in this paper, the study relies on the qualitative-constructivist paradigm. The interpretive paradigm is rooted in an attempt to understand the reality being explored based on interpretive interaction with the informants, while emphasising their subjective experience. As a result, the study is characterised by inductive and a holistic view (Sabar Ben-Yehoshua, 2016; Shkedi, 2003). Specifically, the study was conducted through individual and group interviews. Thematic analysis supported the systematic analytical analysis of the findings obtained. The translation of the theoretical image into a conceptual framework was made possible by the grounded theory approach.

The paper is structured as follows. We open with a literature review to clarify the necessity of allocating resources to KM with regard to the various aspects of this budgetary investment. Next, we describe the materials and methods adopted in this research and the data collection process, followed by our presentation of the research results. The paper closes with a discussion of the implications of our findings on the KM community and the future of research in this field.

2. Literature Review

There are many perceptions on the nature of the KM discipline (Bibi et al., 2020). KM evolved from a wide spectrum of theories (Nonaka & Peltokorpi, 2006). Many authors discuss their varying viewpoints and foundations, such as the philosophy for understanding the role and nature of knowledge, psychology for understanding the role of knowledge in human behaviour, and the management science for the improvement of organisational effectivity (Wiig, 2000). In the same spirit, it appears that KM is a very wide, heterogeneous, and multi-disciplinary field (Heisig et al., 2016).

Significant contributions to this multi-disciplinary nature stem from fields such as information systems, information technologies, strategic management, human resources management, cognitive science, and

artificial intelligence (Prat, 2011). Over time, KM was revealed as a fruitful research territory of interest to both academics and practitioners (Nakash et al., 2021; Nakash & Bouhnik, 2020a; Wiig, 2000). Recent authentic testimonies, which confirm the vitality of KM, refute past visions of the decline of the discipline (Nakash & Bouhnik, 2020a).

Every KM program involves budgetary investment (Milton & Lambe, 2016). Without investment in resources and designated tools, long-term, KM will prove difficult to maintain (APQC, 2020). The budget may include, for example, expenses to establish and apply KM policies, payments to the agents necessary to promote the activity, expenses of devising knowledge flow processes, financial investment to develop technological tools and construct monitoring and supervision capabilities, and expenses related to the assimilation of KM in the knowledge workers' work procedures (Milton & Lambe, 2016).

Clearly, persuading senior management of the value of KM constitutes a key factor in budgetary support for such initiatives. Specifically, the concrete advantages to the organisation derived from KM must be clear to management to obtain strong organisational commitment (Dalkir, 2005). This commitment is recognised as a critical factor for successful KM initiatives (Kim, 2006). On the other hand, managers who feel that investment in KM initiatives is not profitable may cut back on them prematurely (Desouza & Raider, 2006). Moreover, others feel that support for the discipline as a whole depends on the ability to prove the profitability of the investments necessary for organisational KM activities (Andone, 2009; Kim, 2006).

The size of the budget necessary for KM may vary according to the size of the organisation, industry, and specific knowledge needs (APQC, 2020). "KM units of organizations spend a lot of funds on knowledge identification, generation, organization, storage and dissemination for the achievement of the overall goals of the organizations" (Goodluck, 2011, p. 6). Often, the sums allocated to the KM unit depend on the urgency or the value the organisation places on KM in the effort to reach its objectives.

The investment in the personnel and infrastructure to support KM may very costly (Desouza & Raider, 2006). In this regard, Milton and Lambe (2016, p. 77) stressed that, "For a large multinational company, the KM budget can easily run into millions of dollars". This evaluation is supported by a wide global survey that revealed that the annual KM budget is greater in large firms and in organisations at the mature level of KM. That said, we should note that budget allocation is not linear to the size of the organisation. In other words, "a tenfold increase in size does not equate to a tenfold increase in budget" (Knoco, 2020, p. 21).

Most of the participants in the APQC's 2019 KM Priorities survey expressed a positive outlook on the KM in their organisation. The survey organisers feel that the professionals' testimonies revealed a good reason for this outlook: KM budgets in many firms grew, or at least remained stable. Only 18% of the participants indicated that their firm does not have a designated KM budget (APQC, 2019b). In contrast, 93% of respondents in a prior survey stated that their organisation designated specific KM funds (APQC, 2015). Considering the results of an international survey executed a decade ago, it appears that professionals' dominant optimistic outlook on KM is justified. As of 2010, although 91% of the companies claimed that knowledge is one of their central strategic resources, only 43% kept designated budgets for KM activities (Kianto et al., 2011). In other words, we now find that growing number of organisations allocate specific funds to the management of the most precious resource in the organisation.

This study aims to highlight the dilemmas of senior management regarding the profitability of investments in KM practices. In this context, the study enriches the existing theoretical knowledge associated with the challenges in understanding the value of KM.

3. Materials and methods

In this study, we adopted the qualitative–constructivist research paradigm, which is characterised by a holistic view of the phenomenon under study. “The qualitative methodology intends to understand a complex reality and the meaning of actions in a given context” (Queirós et al., 2017, P. 369). The rationale for choosing this approach lies in the desire to create a thick, impressionistic and flowing description (Geertz, 1990).

Contrary to the quantitative-positivistic paradigm, the premise of qualitative research is that there is no single absolute reality with an external ontic status. The idea of many structures of personal and cultural reality is the basis of qualitative perception. This methodology actually allows for maximum access to the human experience (Sabar Ben-Yehoshua, 2016; Shkedi, 2003).

We relied on two tools to collect the data for the qualitative investigation. The first tool was semi-structured personal in-depth interviews. “At the root of the in-depth interview is the desire to understand other people's experience and the meaning they attach to that experience” (Shkedi, 2003, p. 69). We chose this central tool because it allows interviewees to relate their narratives and allows researchers to understand the meanings they attach to their experiences and perceive their cultural contexts.

The second tool we used to collect data was focus groups, which are considered a type of group interview by some researchers. Focus groups make it

possible to gain collective insights based on the participants' perspectives of the research subject (Sabar Ben-Yehoshua, 2016; Shkedi, 2003). Moreover, they “can provide a broader range of information and they offer the opportunity to seek clarification, if there are topics that need further clarification” (Queirós et al., 2017, P. 377).

3.1. Research questions

Traditionally, an interpretive practice focuses on “what” and “how” questions. This is in contrast to the “why” questions, which are the hallmark of quantitative research (Holstein & Gubrium, 2005). We aim to address the gaps in the literature and seek answers to the following questions: How do KM professionals experience the interrelations between the difficulties in justifying investment in KM and the challenges in comprehending the value of KM? From this broad question sub-questions can be deduced, such as: What meanings KM experts attribute to the difficulty of justifying financial investment in KM initiatives? And how do they perceive the depth of understanding of the value of KM by senior management authorities?

3.2. Population and study sample

This study involved 41 KM professionals, who are experts in the KM field in knowledge-intensive organisations; both KM consultants and knowledge managers. As part of their service, organisational KM consultants study the KM situation in various firms, potentially providing them with a broad macro perspective of the issue. On the other hand, knowledge managers typically hold a micro-view, meaning a specific perspective of KM in their own organisations.

All the research participants are active in the KM field in a wide variety of sectors. These sectors include the public and government sector; financial sector; health sector; technology, media, and communications; energy and resources; voluntary sector; and industry and consumer products. The organisations in which the study participants operate include small organisations (up to 100 employees), medium-sized organisations (between 101 and 999 employees) and large organisations (1,000 employees or more). The business-organisational activities of the organisations are conducted on a local and/or global level. See segmentation of the organisations (organisation size, number of employees and sector affiliation) in [Appendix A](#).

We conducted personal in-depth interviews with 39 interviewees. In addition, we conducted two focus groups with eight participants in total. The first focus group had three participants, while the second included five participants. Of the 41 study

participants, six participated in both an individual interview and a group interview, and two participants participated in only a group interview.

The sample includes 27 women and 14 men. Of the study participants, 18 hold advanced academic degrees in KM, whereas the others have higher education degrees in related fields (e.g., corporate consulting and development, business administration, information technology). Seven participants have up to 5 years of experience in KM, 11 have between 6–9 years of experience, and 23 have 10 years or more of experience in the field. Specifically, 11 of the 41 interviewees have over 15 years of experience in KM.

Many of the respondents were selected by purposive sampling, which is characteristic of qualitative research. Purposive sample focuses on participants who best represent the population from which they were selected, and we believed that they would be able to provide information about the phenomenon being studied. Additional interviewees were obtained using a snowball sample. That is to say, KM professionals connected us with their colleagues from other organisations, knowing that they are also engaged in the KM field.

3.3. Data collection and analysis

We personally approached potential interviewees. We guaranteed full anonymity in terms of the identity of the firm, identity of the participants, and business and/or sensitive information disclosed during the study. Specifically, as part of our commitment to the confidentiality of participants' information, while being sensitive to the business knowledge of the organisations in which they operate, we have given our promise not to disclose financial data. We compiled the findings as part of a comprehensive scientific study on the value and contribution of knowledge capture and management in knowledge-intensive organisations.

Each of the individual and group meetings lasted from one to one-and-a-half hours. The study was conducted during 2020. The meetings were usually conducted as frontal meetings. As part of the desire to interview the KM professionals in their natural environment, we clearly preferred to meet them in their firm's offices. However, due to the limitation of social distancing because of the COVID-19 (Coronavirus) outbreak, some of the interviews were conducted in a virtual format. The conversations were recorded for documentation and transcription purposes, with the participants' consent. The recordings from the individual and group interviews were transcribed using word processing software, and the data was carefully organised (Miles & Huberman, 1994; Yin, 2011).

We ensured the validity of the study through careful formulation of the questions presented to the interviewees, using a language style that conforms to their world of concepts without the use of "academic" language. The respondents were re-questioned regarding issues raised in the interview when the reply could have more than one interpretation. In addition, supplementary interviews were conducted, when necessary, to obtain clarifications or details.

The analysis of the data in the qualitative study is characterised as "an analytical process, usually non-statistical, with intuitive elements or characteristics, the purpose of which is to provide meaning, interpretation and generalization to the phenomenon under study" (Gibton, 2001, p. 195). The analysis of the findings of the study was based on the thematic analysis method, which deals with texts "as a window that allows a look into the human experience" (Shkedi, 2003, p. 94). As part of the thematic analysis, and through a re-reading of the texts documenting the field of study (Charmaz, 2006), we coded data into thematic categories. In other words, the coding was based on a technique focused on analysing text segments, until a saturation point (Shkedi, 2003; Yin, 2011).

The translation of the theoretical picture into a theoretical set of concepts was based on the grounded theory approach. This research genre seeks to clarify a theory regarding the phenomenon under study. The method was developed to offer a systematic way of looking at the data with "new eyes", while locating similarities and differences by comparing parts of the text (Charmaz, 2006; Shkedi, 2003). We observed similarities and differences among the respondents' statements. In addition to the data collected by formal processes, the analysis was based on what Shkedi (2003) calls "field notes;" that is, comments gleaned informally when meeting the interviewees, most often received before the "official" data collection stage (e.g., in the corridor before the actual interview) or after it (e.g., following the end of the interview, after the recording was terminated).

To establish the reliability of the data, we enlisted the help of another senior researcher to judge the categories we identified in the findings (Sabar Ben-Yehoshua, 2016; Shkedi, 2003). The research findings analysed and classified by the expert were compared with the coding results we provided. This made it possible to examine whether the selected themes for the study fit the data analysis. The analytical process for the research was fully documented so that it could be made available to independent researchers who wish to examine the sources of information upon which we base our results. As part of this, the chain of evidence was maintained from the raw stage of data collection to the processed information (Miles & Huberman, 1994).

The reliability of the qualitative inquiry is also reflected in the combination of testimonies presented in this paper, where actual quotes from the interviewees are incorporated in italics. Following each quote, the random coding number given to the study participant is indicated in parentheses. The emphases mentioned in the quotations or repetitions of words are original and were highlighted by the interviewees themselves in the conversation. To clarify the context in which the statements were made, the researchers' notes are provided in square brackets wherever required.

4. Findings

4.1. Justification of resources invested in KM

The study participants are aware that KM *"requires considerable investment, which is beyond technology: investments in resources, management and control"*(17). According to their authentic testimonies, it appears that many organisations allocate designated resources for KM. These resources include not only support for the technological infrastructure, but of the necessary workforce as well to promote KM initiatives. Experts believe that respect for KM will develop after clarifying its business value, will depend on the attention given to it by managers, and will be conveyed de facto by the allocation of resources.

However, consolidation of the evidence and their unification into a comprehensive mosaic reveals some contradiction to the claim that management sometimes wonders about the profitability of the investment. *"The input necessary to do it [KM] more effectively and efficiently are great. And organizations – even large ones! – ask themselves if to invest in this resource"*(12). The informants feel that as a basis for examining the profitability of budgetary investment in activities to support organisational KM, it is critical that the C-Suite understand the value of knowledge capture, documentation, sharing, use, and re-use.

Our results reveal a consensus exists among the professionals that the decision makers will authorise KM investment only if they are convinced of a real profit. *"As a manager of an organizations' budget, I will never embark on an activity which does not show me a one-on-one return on investment"*(4). This description is reinforced by another expert's claim, that *"In a for-profit organization, always arises the obvious and correct question: 'Are we investing the money in the right place?' . . . KM has no right to exist if it ultimately fails to improve [processes] or assist the organizational operation"*(22).

This economic attitude repeated itself throughout the data collection: *"At the end of the day, organizations are businesses! They need to understand 'what will come out of this for me?'. Not only on a theoretical level . . . You want to pay for something which will*

give you an added value. The bottom line is financial"(13). In simple terms, *"You have to prove to management that the investment [in KM] is worthwhile"*(8). The experts feel that the act of investment itself proves that the decision makers understand the value of efficient KM. *"If senior management had difficulty seeing the value, it would not have invested in KM"*(40).

Indeed, an analysis of the empiric material reveals that at times it is difficult to justify the investment of the resources necessary for KM. It is noteworthy that the professionals believe that this justification is required not only of the external advisors accompanying the activity, but sometimes of the initiators and patrons of the activity as well. They also understand that *"without the support of senior management, it will not work"*(9). Strong commitment from senior management provides a strong backing to KM, thus constituting a deciding factor in the success of KM in the organisation. On the other hand, experts claim that lack of such support will lead to KM failure.

Many interviewees openly testified that justifying the investment is a real challenge for the discipline. At times, it seems that there is an understanding among managers in knowledge-intensive organisations that working without organised knowledge flow procedures is *"nearly chaotic"*(12). In other words, *"it is clear to them [the organization's executives] that it is essential to manage the organizational knowledge. The only question is what size budget will go there . . . This is the tension"*(36).

However, in light of their awareness of the (at times high) input, as well as continuous maintenance of methods and tools, they reflect upon the profitability of such investments. When questioned about the investment justification, one of the focus group participants emphasised, *"On a scale [of 1 to 5, from very easy to very difficult respectively] I would say it is 5 [very hard to justify the investment]. It is very difficult to show the value in it . . . It is hard for them [the decision makers] to see the value and it is hard for us to prove it"*(17).

4.2. Challenges in understanding the value of KM

The lack of understanding of the potential contribution of KM to the achievement of business goals or organisational aims is perceived by a large portion of the experts as a real obstacle to KM initiatives or to management approval to continue them. This claim is illustrated in the following quote: *"Over time, if KM does not succeed in showing benefits . . . it won't survive and will not continue [as a standardized practice] in the organization. It will dissolve"*(10). This interviewee explained that it is hard to see *"clearly and without effort"*(10) the benefits achieved through the management of organisational knowledge. In this context, the research findings reveal that the contemplation of KM investment profitability is rooted in eight essential challenges, which we wish to review hereinafter.

4.2.1. *KM is not perceived as a core part of the business*

Based on the meanings of KM attributed by the participants, KM is not at “*the core business of organizations*”(16). In other words, managing organisational knowledge is not experienced as the main issue for firms, while “*there are [organizational] subjects that are much more at the core of the organization*”(35). In this spirit, a broad consensus has been found among the experts that KM solutions are nothing but “*a tool that supports organizational processes*”(23), which “*does not stand alone*”(39). Therefore, decision makers often do not prioritise KM highly. In their opinion, “*there are more important or more urgent things than dealing with KM*”(11).

4.2.2. *The benefits of KM initiatives investments are not reflected in the short term*

The benefit of KM is not seen immediately and is only recognised after some time following the beginning of the activity. According to one of the interviewees, “*KM is a long-term investment*”(2). The most prominent example given was in retaining knowledge from older and retiring workers. That said, managers tend to invest efforts that will produce profits in the short term with the intent to gain a personal or professional reputation from a successful initiative. “*They [decision makers] do not understand what they will achieve from KM tomorrow morning*”(29).

4.2.3. *Difficulty seeing KM as a profitable function for a business*

Organisations are interested in advancing activities that provide significant economic profits, with the reality of budget limitations. The findings reveal that in the participants’ opinions, managers prefer to invest in “*more tangible things*”(11) that are more likely to have a financial value and increase the immediate bottom line, while KM is not perceived as a profitable function of the organisation. Moreover, some participants argue that KM is “*perceived as a well of endless budgets they [organizations] have to allocate*”(3).

4.2.4. *Lack of in-depth understanding of the organizational knowledge needs by executives*

A disconnect exists between the C-Suite and “*the field*” with regard to KM. Clearly, knowledge workers are the major consumers of organisational knowledge. They are often eager to have systematic and consistent access to knowledge that is not

accessible to them but essential for them to fulfill their roles, while management is not sufficiently aware of their predicament. Furthermore, some participants claimed that senior managers are not always aware of the work procedure sequences within in their organisations. Therefore, they also may not recognise the importance of the knowledge necessary to allow the proper flow of these processes.

4.2.5. *A challenge to attribute to KM achievements in its optimal state*

When knowledge flows freely between departments of an organisation, decision makers do not hurry to associate achievements with KM. In other words, “*when KM works properly, it is not noticeable*”(2). In this sense, it becomes “*something that is already well rooted within the organization*”(39), so it is difficult to distill it from the rest of the processes going on. According to the professionals, in an optimal situation KM becomes seemingly insignificant in the organisational consciousness because it is perceived as a fundamental trivial mechanism; which in itself makes it difficult to recognise its value.

4.2.6. *Indirect business implications following managed knowledge*

KM clearly has indirect implications. In the opinion of the interviewees, it is certainly difficult to attribute indirect effects as benefits derived from KM. For example, damage to customer service following incorrect or partial information (as a result of a service representative’s lack of access to organisational knowledge), may have an acute indirect consequence—potential damage to the company’s reputation, and hence lead to customer disloyalty and possible transfer to competitors. In light of the above, agreement was found among the interviewees that knowledge management “*is an area that requires a comprehensive and long-term vision*”(33).

4.2.7. *Overemphasis on Potential Financial Savings, Rather than on Expected Profit*

The challenge of understanding the value of KM lies in the fact that KM’s goal usually focuses on financial savings more than on the prevention of financial loss. For example, money is saved in a service providing unit as a result of shortening conversations with clients, which is based on making comprehensive quality accessible to the representative. The experts believe that when the focus is on savings rather than on potential profits, it is even more difficult to justify the budgetary investment.

4.2.8. Knowledge as an elusive object is not reflected in the financial bottom line

The knowledge itself is perceived as intangible, abstract, amorphous, and at times hidden within people's minds. Therefore, knowledge is a resource by its nature is difficult to measure. As a result of its unique characteristics, unlike other assets, the financial balance does not reflect knowledge. As one expert testified: "*the activities [of organizational KM] are vague, so when it is difficult to impossible to quantify them . . . The benefits are not measurable in money, so it is difficult to justify the investment*"(23). In this context, the study participants argued that in view of the difficulty of perceiving an intangible object, organisations sometimes tend to abandon the investment in its management efforts.

5. Discussion and conclusions

This study aimed to shed light on the relationship between the difficulty in justifying the investment in KM and the challenges in understanding its value. We implemented this qualitative-interpretive study using two data collection tools and accurately conveyed the voices of KM professionals.

Budgets are the key to establishing a KM plan and increasing the maturity of KM in an organisation. Without investments in resources and dedicated tools, it is difficult to maintain KM for a long time. It was found that the more mature the KM is in an organisation, the more KM budgets are integrated into regular enterprise strategic planning and budget cycles of its establishment (APQC, 2020). The authentic testimonies obtained in this research confirm the claim that, overall, managers invest in KM with the expectation of some sort of return on their investment (Heisig et al., 2016). Although a consensus exists in the academic research community as to the advantages of KM, it seems at times that managers tend to be more sceptical of the returns from investments in KM activities. The main reason for this perspective is most likely the absence of available empirical evidence of a connection between KM and financial performance (Kianto et al., 2018). Indeed, prior studies state that the connection between KM and business results requires further research (Heisig et al., 2016). This paper underscores this need emphatically.

A comprehensive survey of KM professionals in 2014 revealed that the top obstacle and top enabler of effective KM are one and the same: support from senior management. Its absence constitutes a significant obstacle to KM success, while its presence enables actual success (Milton & Lambe, 2016). We find that the participants in the present study stressed the decisive importance of senior management support of KM. In the view, this support not only enables

KM practices in the organisation but also lays its roots for its successful operation. Specifically, consistent with previous works (Mazorodze & Buckley, 2019), the absence of budgets to support KM efforts is perceived as a central obstacle to effective KM.

This paper emphasises eight significant challenges related to the deep understanding of the contribution of KM in knowledge-intensive organisations. Empirical evidence for these challenges is based on both data collection tools. The findings were not limited to organisations of a certain size (small, medium or large organisations) or to organisations with a specific budget. We reveal that these challenges have a meaningful effect on the perceptions of the profitability of budget investments in tools and practices aimed at improving knowledge flow in organisations. In a reality in which KM challenges are among the least developed research areas of the discipline (Lee & Chen, 2012), concentrating on these challenges is novel. The eight challenges clarify the roots of the experts' claims that from they must sometimes justify the size or even the existence of budgetary investments in organisational KM efforts.

We can find broad agreement in the literature regarding the potential of using KM to a secure competitive edge (Bibi et al., 2020; Nakash & Bouhnik, 2020a). This consensus is rooted in the RBV perspective, which dominates the strategic management literature (Halawi et al., 2005). The findings of the present study confirm that the same perception is found among practitioners, who recognise knowledge as a central and vital strategic organisational resource. On the face of it, it seems that the challenges involved in understanding the value of KM – particularly intangibility and amorphousness – challenge executives to see it de facto as an asset. That said, this research refutes the prior claim that managers perceive KM as a luxury rather than as a necessity (Desouza & Raider, 2006). Many of those interviewed for this research believe that managers of knowledge-intensive organisations acknowledge the value of KM, to such a degree that it would be illogical not to regulate it.

In an effort to understand why organisations may choose to cut back on budgets dedicated to KM, Desouza and Raider (2006) claim that managers perceive an investment in KM as one that does not offer immediate results. Specifically, they find that executives sometimes perceive KM as an unprofitable practice that does not bring any revenue and is only of marginal value to the organisation, if any. They have even heard managers say that they cut back on KM initiatives because they are not essential to the survival of the organisation or to the achievement of its business goals (Desouza & Raider, 2006). The results of our study indicate a hesitant ambivalence regarding these perceptions.

On the one hand, experts recognise that the contribution of KM may not be realised shortly after the time of investment. Furthermore, in the same context and concurrent with the literature (Andreeva & Kianto, 2012; Hagmann & Gillman, 2017; Heisig et al., 2016), it is also clear to them that the value may be obscured as the effects may also be indirect. On the other hand, contradictory to previous works (Desouza & Raider, 2006; Hagmann & Gillman, 2017), the interviewees in this study opined that would be foolish to claim that managers are capable of ruling out the value of effectively managed knowledge. They believe that KM is sometimes pushed to the sidelines of organisational attentiveness, not because management ignores its value or potential, and certainly not because it is perceived as a luxury add-on. Frequently, firms neglect KM for business reasons, such as changing priorities and budget limitations that they cannot ignore.

Moreover, Desouza and Raider (2006) argue that firms postpone or discontinue KM efforts because the managers believe that information technology methods take care of KM. In other words, “the chief knowledge officers’ (CKO’s) function is being embedded within the chief information officers’ (CIO’s) role” (Desouza & Raider, 2006, p. 131). It appears that this perception is no longer prevalent in practice, as our findings indicate that organisations dedicate resources to staffing the position of organisational knowledge manager and are moving towards KM as a routine activity. Furthermore, it is more common than ever to find KM units in organisations, with only their position within the organisation varying: at times, it is part of human resources, training, and organisational development, while at other times, it belongs to the policy, planning, and methods unit. In addition, there are organisations whose KM activities are subsidiary to the Chief Executive Officer or the deputy general director. We believe that this is a good sign of the development of KM as an essential function, which is deeply rooted and well assimilated in organisational structures and procedures.

Clearly, no organisation can exist even one day without capturing, preserving, and leveraging its accumulated knowledge. Furthermore, an organisation that neglects to synergise existing knowledge with new, relevant knowledge will suppress innovation and thus lead itself to devastation. Despite the increased interest in KM, it seems to still be an elusive entity difficult to grasp. As we perceive KM as a core category in an organisation, we feel that the above challenges are caused by its uniqueness and should not be neglected or deserted. Therefore, the KM community should be well aware not only of identifying the challenges but also of their potential impact on the

investment viability perception of decision makers in KM initiatives. To manage this complexity, it would be wise to implement KM effectiveness evaluation procedures. In this manner, practitioners may demonstrate the value of KM to maintain its financing and position as a strategic management tool.

To exploit all the contributions of the discipline, a wide recognition exists in the literature as to the necessity of a multi-disciplinary perception of KM (Prat, 2011). We thus feel that it is wise to replace the expectation of immediate direct financial benefits from KM. It is not right to frame thinking for the short term and look only at the near future. We recommend adopting a new holistic approach that does not view KM as a source of revenue, especially not in the time frame near the investment.

An organisation with a high KM maturity recognises that KM is an integral part of the work. Consequently, such firms regularly include KM in their annual budgets as a matter of routine (APQC, 2020). In other words, KM is part of the organisations’ workings; in an ideal situation, it is a significant budgeted encompassing component. In light of our study’s findings, we agree with the claim that “the future of KM lies in its deeply systemic integration into organizational processes and systems. It should no longer be called KM – it should be a way of working” (Hagmann & Gillman, 2017, p. 23).

6. Implications and future directions

The study offers significant contributions regarding theory and practice. First, this current study fills an important gap in the literature through the conceptualisation and empirical analysis of the interrelation between the difficulty in justifying investments in KM initiatives and the challenges in understanding the value of KM in an organisation. In this context, the uniqueness of the study stems from the fact that, for the first time, the voice of KM experts of this fundamental issue is being heard.

Second, the study presents the challenges of the KM discipline, and further highlights their potential implications for understanding the value of KM initiatives. As a direct derivative of these disclosures, the difficulties of justifying the viability of investing in KM efforts in knowledge-intensive organisations are revealed.

Third, from an applied perspective, through the disclosure of research findings we strive to raise awareness among practitioners and senior management in organisations of the challenges associated with the heart of this field. In an attempt to somewhat minimise the implications of these challenges, the study proposes to adopt a holistic perspective for KM. The innovative view anticipates the long-term and indirect opportunities inherent in KM and adopts it as part of the routines of the modern age workforce.

Our research focused on expressing the perceptions and experiences of KM professionals with respect to the research subject; both KM organisational consultants and knowledge managers in knowledge-intensive organisations. Accordingly, the research questions were answered in relation to this target population. This is only a modest beginning in this core issue, but we are convinced that it requires deeper examination. The results of this research are a clear antithesis to previous research findings based on discussions with executives over a decade ago (Desouza & Raider, 2006). Given this valuable discovery, we call on the community of KM discipline researchers to expand the research work in the field discussed in our article.

In our opinion, future researchers should examine the updated opinions of senior managers and decision makers regarding KM. Questions such as, what encourages them to invest in KM and what dissuades them from doing, so are worthy of further research. Furthermore, in a reality in which resource distribution is limited, following the acute effects of the COVID-19 catastrophe on business, it would be interesting to examine how KM fights for its resource allocation. Whatever the results, it appears that we cannot expect KM to recede in the knowledge era (Nakash & Bouhnik, 2020a).

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No potential conflict of interest was reported by the author(s).

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Appendix A

Segmentation of the characteristics of the organisations who participated in the current study

Number	Sector	Organization's size	Number of employees (approximately)
1	Voluntary	Small (up to 100 employees)	20
2	Voluntary		30
3	Technology, media, and communications	Medium (between 101 and 999 employees)	50
4	Public and government		50
5	Public and government		60
6	Public and government		70
7	Industry and consumer products		150
8	Public and government		150
9	Public and government		500
10	Energy and resources		550
11	Energy and resources		600
12	Technology, media, and communications		650
13	Energy and resources	Large (1,000 employees or more)	800
14	Public and government		900
15	Public and government		1,000
16	Industry and consumer products		1,200
17	Energy and resources		1,600
18	Public and government		1,800
19	Technology, media, and communications		2,900
20	Public and government		3,200
21	Public and government		3,400
22	Public and government		4,400
23	Health		4,500
24	Public and government		4,500
25	Public and government		5,700
26	Industry and consumer products	6,000	
27	Financial	6,500	
28	Health	7,700	
29	Public and government	9,500	
30	Financial	10,000	
31	Health	11,000	
32	Technology, media, and communications	15,000	
33	Industry and consumer products	16,500	