ROLE OF KNOWLEDGE MANAGEMENT IN SERVICE INDUSTRY

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ABSTRACT

India's services sector has remained resolute and on a steady rise. According to a recent report published by the Confederation of Indian Industry (CII), India has moved up to become the fastest growing service economy in the world. The services sector is a dominant sector in India's GDP, with attractive foreign investment flows and contributing significantly to exports. The Indian services sector has attracted the highest amount of Foreign Direct Investment (FDI) inflows. We have witnessed good revenue generation with growing sectoral activities across trade, tourism, healthcare, transport, communications, information technology, finance, insurance, real estate, business services, social and personal services. The factors leading to this rapid rise are obvious. Increasing purchasing power, rising social mobility and digital penetration to rural markets are creating a spurt in demand for the services sector in India. Organizations are realizing that knowledge management (KM) is a valuable instrument in improving performance. Through the connection of people, processes, and technology, knowledge management focuses on leveraging corporate knowledge and operations. The new concept of marketing is by concentrating on a firm's relationship with their customers in order to better understand their customers' needs and preferences and thus increase customer satisfaction and retention. Present day organizations concentrate on adapting the concept of knowledge sharing between the different departments, reducing cost and time, and improving their operation's efficiency. Such objective may be achieved by developing a KM strategy to help the organization to maintain or re-establish its competitive advantage.

Keywords: Service sector, Knowledge Management.

INTRODUCTION

The contribution of the services sector has increased very rapidly in India's GDP, with many foreign consumers showing interest in the country's service exports. This is attributed largely to our country's pool of highly skilled, low cost and educated manpower. Foreign companies are outsourcing their work to India especially in the area of business services, including business process outsourcing and information technology services. This has given a major boost to the services sector in India, which in turn has increased the services share in the GDP pie. The

Government of India recognizes the importance of promoting growth in this area and is creating an enabling environment that will give a further push to sectors such as healthcare, tourism, communications, information technology, among others. An encouraging regulatory framework and an easing of trade barriers at both domestic and international levels through agreements will only enhance India's competitiveness at a global level. This will also mean an increase in the *quality* of employment and not just numbers. This will lead to a quality labour force for the country.

The multiplier effect on ancillary industries owing to the growth in the services sector is a natural outcome. For instance, a spurt in tourist arrivals into India will not only positively impact the hotel and airlines industries but also boost the sale of crafts and artefacts that can be showcased as part of integrated business plans between stakeholders, both private and public. The regulatory framework also needs to take into account the evolving nature of the services sector, and how it's interlinked with other sectors.

The Knowledge Economy is the next booming economy in a world of recession

In a world that is facing economic recession many are starting to ask 'What is going to be the next booming economy, what are its characteristics and, how will it help us to grow out of recession? 'At knowledge-management-online.com we strongly

suggest that the next booming economy is already here! It's the rapidly growing global knowledge economy!

More individuals, teams, organizations and inter-organizational networks will be restructuring and renewing themselves with the primary purpose of profitably trading their knowledge to add even higher value, predominantly on the World Wide Web. Already we see more enlightened organizations developing and applying the knowledge they have about their industry, customers, partners and stakeholders, as their prime strategic asset, and at the highest point in the value chain. And many are becoming less involved, and more open to profitably outsourcing the other business operations.

Around the world we hear automobile companies talking far more about their critical and key knowledge areas of design, knowledge of manufacturing , knowledge of distribution, knowledge of service and support etc as their 'crown jewels' or 'master recipe'. Based on applying this key knowledge they then outsource the other business components. We hear the same from the aerospace industry, the oil and gas industry, the information technology industry, the food and agricultural industry, the healthcare industry, in fact most, if not all, industries.

Our knowledge mantra is 'know and apply what you know the best, and link to the best of the rest'

Knowledge has become the key strategic asset for the 21st Century and for every organization that values knowledge it must invest in developing the best strategy for identifying, developing and applying the knowledge assets it needs to succeed. Every organization needs to invest in creating and implementing the best knowledge networks, processes, methods, tools and technologies. This will enable them to learn, create new knowledge, and apply the best knowledge much faster. Every individual who wishes to successfully participate in the rapidly growing global knowledge economy must now consider the development of their personal knowledge management competencies as an 'essential life skill' for the 21st Century. It has been said many times, 'knowledge will radically and fundamentally transform economies'. One thing is absolutely certain in this rapidly changing world.

Effective Knowledge Management is a timeless and changeless principle.

The strategies, methods and tools of knowledge management will undoubtedly change, but the timeless principles will, of course, remain unchanged. And to survive and succeed in the new global knowledge economy, we must become far more effective and more productive. We must always strive for the best relations and highest quality. To do that, the successful organizations and individuals will not allow themselves to keep 're-inventing the wheel' or 'repeating the same mistakes. This is so

costly and, we suggest that good leaders will simply not tolerate, nor be able to afford, such cost inefficiencies caused by knowledge gaps and bad knowledge flows.

Would the global financial crisis have been prevented or minimized with far more effective global knowledge management?

Finally, those individuals and organizations that can best sense, become quickly alerted to, find, organize, and apply knowledge, with a much faster response time, will simply leave the competition far behind.

Opportunities in Indian Service Industry

With the commendable growth of services industry in India, many opportunities are being created for a various set of individuals and professionals to benefit from. Opportunities for employment have been coming up in five major sectors of the service industry, i.e., Information Technology, Telecom, Healthcare, Infrastructure, and retail. According to IBEF, the Indian IT industry will touch $225 billion by the year 2020, and as per a study by NASSCOM the size of IT workforce will touch 30 million in the same duration. The rapid penetration of mobile phones in India is fuelling the growth of employment opportunities in Telecom sector. Estimates also say that over 40 million new jobs are expected to be generated by the Indian healthcare sector by the year 2020 in various functions such as sales, marketing, HR etc. within the industry.

Talking about the tourism industry, it has various cashable opportunities for foreign exchange attraction and employment. Considering a rich cultural heritage, varying terrains and ecology, and the natural beauty of the geography of India, the tourism sector attracts a lot of foreign exchange. The tourism industry as a whole is expected to generate 13.45 million jobs. India is the third favorable country for foreign investment and Indian service companies are the major contributor in attracting these opportunities. The IT and ITeS sector of the industry have attracted total FDI inflows of US$ 18 billion between April 2000 and December 2016.

India's service sector has been proved to be the uplifter of its economy contributing to the GDP in major proportions. The government is also taking steps and making policies to liberalize and enhance the industry keeping in place the mandatory and basic regulations intact. As the sector is governed by both domestic and global factors, it is going to be an interesting journey of Indian services sector to reach its forecasted numbers. Till now, the whole picture looks favorable for this booming sector.

Services Sector contribution to the Indian Economy in 2016

India: Sector Wise GDP Share
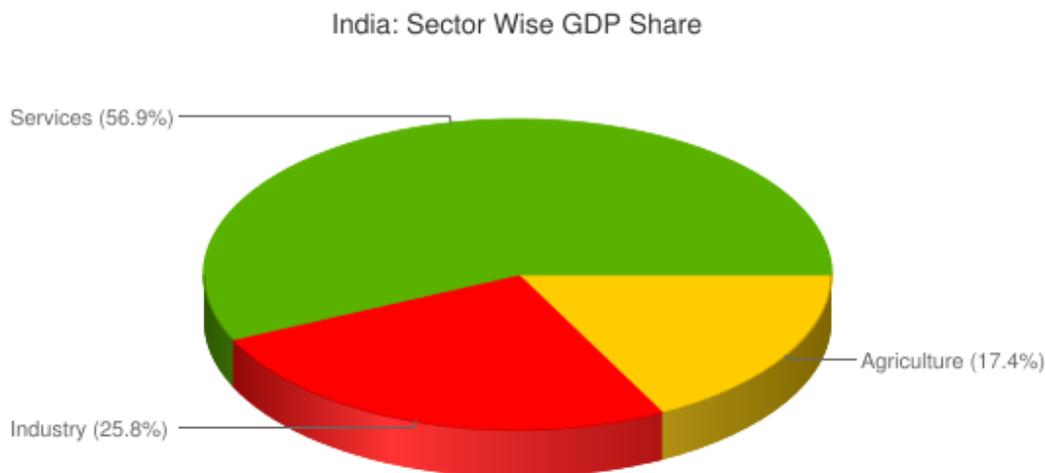
Service industry growth patterns and the impact of Knowledge Management

The services sector in India is governed and affected by both domestic and global activities and factors, hence, also the growth of this industry. The service industry in

India is expected to achieve a growth rate of 8.8% in the tear 2016-17. After China, which has the services sector growing at 10.9%, India has the second fastest growing services sector. It is also observed that the growth of services sector (6.8%) has been more than the growth of total GDP (4.7%) for the period of the financial years 2001-2014.

India boasts of a leading economy because the growth is driven by services industry. The major factors that help the service industry in India grow are:

- Economic affluence – The size of middle-income consumers is increasing and the size of very poor households is decreasing. This increases the spending power and creates demand for goods and services in the households.

- Societal change in the role of women – The number of working women is increasing and hence their roles are changing as well. Earning women tend to hire various services in order to minimize multiple tasks they have to perform.

- Revolution in IT industry – Over the last two decades, IT services has become the most prominent business services in India. Having the largest software skilled population in the world, many states have identified the potential of IT services sector and have made it their most prioritized segment.

- Growing need of marketing services – With the advent of the retail sector in each nook and corner of urban and rural clusters of India, there has been an increased demand for marketing services of the products being sold by the network of wholesalers and retailers. Even government is using marketing services nowadays to promote agriculture and artisans of the rural patches of the country.

- Market orientation over production orientation – In today's competitive market with a changing demand-supply scenario, manufacturing industry has to change their traditional approach to the market. The production orientation is being taken over by market orientation making more room for services like marketing research, accounting and auditing services, financial management, and human resource management etc.

- Expansion of cities and townships – With increased migration from rural to urban areas, we have witnessed a great boom in services like transportation, real estate and infrastructure services, and rental services.

- Potential exports – India provides a myriad of services to the world, tourism and software services being the major foreign exchange earners. Other services such as banking, healthcare, insurance, education, entertainment, accounting services etc. are also provided in overseas markets.

A graphic map of Knowledge Management

What is still probably the best graphic to try to set forth what constitutes KM, is the graphic developed by IBM for the use of

their own KM consultants. It is based upon the distinction between collecting stuff (content) and connecting people. The presentation here includes some minor modifications, but the captivating C, E, and H mnemonics are entirely IBM's:

The Services sector, with a share of 55.2% in India's Gross Value Added (GVA), continued to be the key driver of India's economic growth contributing almost 72.5% of GVA growth in 2017-18, as stated in the Economic Survey 2017-18 tabled in the Parliament by the Union Minister for Finance and Corporate Affairs, Arun Jaitley. While the growth of Service Sector as a whole is expected to be at 8.3% in 2017-18, the growth in Services exports was 16.2% in H1 of 2017-18. The Government has taken many initiatives in the different Services which include digitization, e-visas, infrastructure status to Logistics, Start-up India, Schemes for the housing sector, etc. which could give a further fillip to the Services Sector.

Graphic Map of KM	COLLECTING (STUFF) & CODIFICATION	CONNECTING (PEOPLE) & PERSONALIZATION
DIRECTED INFORMATION & KNOWLEDGE SEARCH **EXPLOIT**	• Databases, external & internal • Content Architecture • Information Service Support (training required) • data mining best practices / lessons learned/after action analysis (HARVEST)	• community & learning • directories, "yellow pages" (expertise locators) • findings & facilitating tools, groupware • response teams (HARNESS)

SERENDIPITY & BROWSING EXPLORE	• Cultural support • current awareness profiles and databases • selection of items for alerting purposes / push • data mining best practices (HUNTING)	• Cultural support • spaces - libraries & lounges (literal & virtual), cultural support, groupware • travel & meeting attendance (HYPOTHESIZE)

From: Tom Short, Senior consultant, Knowledge Management, IBM Global Services (Note however the comments below under "Tacit.")

The System of Knowledge Management

In short, what are the operational components of a KM system? This is, in a way, the most straightforward way of explaining what KM is—to delineate what the operational components are that constitute what people have in mind when they talk about a KM system.

(1) Content Management

So what is involved in KM? The most obvious is the making of the organization's data and information available to the members of the organization through dashboards, portals, and with the use of content management systems. Content Management, sometimes known as Enterprise Content Management, is the most immediate and obvious part of KM. For a wonderful graphic snapshot of the content management domain go to realstorygroup.com and look at their Content Technology Vendor Map. This aspect of KM might be described as Librarianship 101, putting your organization's information and data up online, plus selected external information, and providing the capability to seamlessly shift to searching, more or less, the entire web. The term most often used for this is Enterprise Search. This is now not just a stream within the annual KMWorld Conference, but has become an overlapping conference in its own right. See the comments below under the "Third Stage of KM" section.

(2) Expertise Location

Since knowledge resides in people, often the best way to acquire the expertise that you need is to talk with an expert. Locating the right expert with the knowledge that you need, though, can be a problem, particularly if, for example, the expert is in another country. The basic function of an expertise locator system is straightforward: it is to identify and locate those persons within an

organization who have expertise in a particular area. These systems are now commonly known as expertise location systems. In the early days of KM the term 'Yellow Pages' was commonly used, but now that term is fast disappearing from our common vocabulary, and expertise location is, in any case, rather more precise.

There are typically three sources from which to supply data for an expertise locator system: (1) employee resumes, (2) employee self-identification of areas of expertise (typically by being requested to fill out a form online), and (3) algorithmic analysis of electronic communications from and to the employee. The latter approach is typically based on email traffic but can include other social networking communications such as Twitter, Facebook, and Linkedin. Several commercial software packages to match queries with expertise are available. Most of them have load-balancing schemes so as not to overload any particular expert. Typically such systems rank the degree of presumed expertise and will shift a query down the expertise ranking when the higher choices appear to be overloaded. Such systems also often have a feature by which the requester can flag the request as a priority, and the system can then match high priority to high expertise rank.

(3) Lessons Learned

Lessons Learned databases are databases that attempt to capture and make accessible knowledge, typically "how to do it"

knowledge, that has been operationally obtained and normally would not have been explicitly captured. In the KM context, the emphasis is upon capturing knowledge embedded in personal expertise and making it explicit. The lessons learned concept or practice is one that might be described as having been birthed by KM, as there is very little in the way of a direct antecedent. Early in the KM movement, the phrase most often used was "best practices," but that phrase was soon replaced with "lessons learned." The reasons were that "lessons learned" was a broader and more inclusive term and because "best practice" seemed too restrictive and could be interpreted as meaning there was only one best practice in a situation.

(4) Communities of Practice (CoPs)

CoPs are groups of individuals with shared interests that come together in person or virtually to tell stories, to share and discuss problems and opportunities, discuss best practices, and talk over lessons learned (Wenger, 1998; Wenger & Snyder, 1999). Communities of practice emphasize, build upon, and take advantage of the social nature of learning within or across organizations. In small organizations, conversations around the water cooler are often taken for granted, but in larger, geographically distributed organizations, the water cooler needs to become virtual. Similarly, organizations find that when workers relinquish a dedicated company office to work online from home or on the

road, the natural knowledge sharing that occurs in social spaces needs to be replicated virtually. In the context of KM, CoPs are generally understood to mean electronically linked communities. Electronic linkage is not essential, of course, but since KM arose in the consulting community from the awareness of the potential of intranets to link geographically dispersed organizations, this orientation is understandable.

CONCLUSION

Knowledge is a very huge and important asset with each individual, especially with the big businesses as well as the small and medium enterprises. With the strong and clearly knowledge management system, it also help the firm to minimize the unnecessary faults as well as make lead to the better performance. Manager is the one who have the importance task in the company. Based on the existing data of knowledge, he/she have to use his/her skills to analyzing, understanding and leading the others to the best way. Furthermore, the manager should have the influence with the employees and staffs in the company. On the other hand, the manager has to make the friendly and comfortable environment to help them work in the good condition. Moreover, the company must have the suitable compensation policies that commensurate with their contributions in company. When doing so, it will boost the motivation of employees in the firm to update their knowledge and learn the new

things everyday to have the better contribution in the future.

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