"What leads to financial crisis?"

Mehran Asadi Khounsari Under guidance of **Dr. E.B.KHEDKAR**
Ph.D scholar of organizational management Dean faculty of Management, University of Pune

Abstract:
The aim of this paper is to identify and explain the reasons behind global economic crisis.

In comparison between United States of America, European Union and rest of the world they together constitute 54 percent of global GDP while only having 11 percent of the total world population. Their investment relationship is currently valued at more than $3 trillion and employs up to 14 million workers. But following the global economic crisis, their partners are struggling with a number of common challenges that can significantly impact their position in the global economy.

Key words: Can Governments Stop another Financial Crisis?
Main reasons of crisis: Massive amounts of new debt, higher interest rates

Introduction

"Information only becomes knowledge in the hands of someone who knows what to do with it "
PETER DRUKER

Knowledge management is the process of identifying, collecting, preserving and transforming information into knowledge that is readily accessible in order to foster innovation and improve the performance of the organization. Knowledge management also implies the creation of a culture and structure that promotes information sharing and learning. It is based on the assumption that the potential for sustained improvement exists in the knowledge derived from people, process, design and ideas within the organization.

Survey Instrument

This study employed a questionnaire in order to compile primary data by means of face-to-face structured survey approach. These sample respondents were surveyed in their premise and givenan assurance that this study was purely for research and nothing to do with any government or non-government agencies. They were also assured of the confidentiality of the data collected and the anonymity of the respondentsin any communication forms to control for any response biases and also employed secondary data.

Data Analysis

Factors extractedare independent and unrelated to each other.
A multiple regression analysis was employed to estimate factors that may impact performance.

Purpose of knowledge management:

1. Gain significant returns out of the data and information one produce and use it.
2. Collect new materials; select materials for inclusion in database; input data, search and retrieve data and deliver the output to the end user, perform data cleaning or deletion of redundant records from the database, check for the system security.
3. Connect each component of knowledge with a set of experts and develop an active database of such experts.
4. Develop collection on important subjects.

5. Develop links with resources.
6. Capture knowledge from projects, assignment, literature, case studies and experts etc. on given subjects and make them accessible.
7. Give as much information as users need to complete their assignments.
8. Make each knowledge center as a none stop center for accessing knowledge on different subjects or topics.
9. Train every user in accessing information and guide the users to the appropriate resource.

Components of knowledge management
The KM environment centered around three components:
- People
- Process
- Technologies

People: All members of an organization are the focus of the KM; they are the creators as well as users of knowledge asset. The people associated with KM are of three types:
I. Technology expert: are those concerned with design and development of tools and services for knowledge discovery.
II. Knowledge professionals: are the individuals in the organization who have the skills, training and know how to organize information knowledge into system and structures that facilitate effective use of knowledge resources.
III. Knowledge managers: are the group of people, who focus on the achievement of organization goals, identify present needs and problems, and initiate practical and manageable activities to achieve set goals.

Process: it consists of several stages which are as follows:
I. Environment creation
II. Knowledge creation
III. Knowledge organization
IV. Knowledge sharing
V. Knowledge combination
Technologies: are the gadgets required to interconnect individuals and needed for processing, storing and retrieval within and outside.

Knowledge management process:
KM is a continuous process there are three basic elements:
I. Knowledge creation
II. Knowledge sharing
III. Knowledge utilization

Knowledge creation:
It involves generating fact, information, and techniques that are relevant to an organization and those associated with it. It uncovers new knowledge through several avenues, research and development, creative thinking, process improvement projects and so on. A basic feature of knowledge creation is that, it is a never ending process, it keep accumulating, changing, regenerating but discarding the obsolete one to suit the times.
Knowledge sharing:

It involves communication and distribution of knowledge organization wide. When a new knowledge is created in the organization, it is stored in organization's database for its wider dissemination .the primary tools applied in knowledge sharing are:
- **I.** Information technology
- **II.** Process engineering
- **III.** Organizational dynamics

Knowledge utilization:

It is using knowledge to solve problem for which it has been acquired.

Knowledge perishes when it is not used; it increases when it is used, knowledge is essentially self – regenerative & feeds on itself.

Barriers to knowledge management:
- Lack of top management commitment
- Lack of technological infrastructure
- Lack of methodology
- Lack of organizational structure
- Lack of motivation and rewards
- Lack of organizational culture
- Staff retirement
- Staff defection
- Lack of ownership of problems

Top management is responsible for each and every activity at all the levels of the organizations. Effective knowledge creation and sharing require long term commitment and support from top management in recruitment and retention of right people.

Technological infrastructure provides a stronger platform to knowledge management and enhances its impact in an organization, by helping and leveraging its knowledge systematically and actively. Selection of appropriate technology improves the performance of businesses. Technological infrastructure enables colleting, defining, storing, indexing and linking data and digital objects in order to support management decision. It is able to overcome the barriers of time and space. It also serve as a repository in which knowledge can be reliably stored and efficiently retrieved.

KM is a group of clearly defined processes or method used to search important knowledge among different KM operations. Methodology defines each and every activity which is going to be held during the KM implementation.

Organizational structure matches and supports its strategy. Organizational structure includes division of labor, departmentalization and distribution of power which is necessary to support the information and decision process of the organizations. There are two types of organization structure:
- Bureaucracy
- Task force

Organizational goals cannot be achieved unless organizations integrate the concept of motivation and rewards to its employees. Motivation can be provided through recognition, visibility, and inclusion of knowledge performance in appraisal systems and incentives.

Organizational culture defines the core beliefs, value norms and social customs that govern the way individuals act and behave in an organization. It is the sum of shared philosophies, assumptions, values, expectations, attitudes and norms that bind the organization together.

If any employee retires from his or her job, it is very difficult to get a substitute of that level. His or her experience and expertise will be lost by the organizations. Organizations need to focus on knowledge retention and its transfer into their business process management.

Increasing staff defection rates are mainly due to the demand for sound trained and skilled personnel. Lack of motivation and reward also contributes in staff turnover.

Due to the lack of ownership of problem, no employee is ready to take up the jobs unless it has been properly assigned. Sometimes employees are not ready to take the responsibility of unassigned jobs. This situation makes difficult to nurture the KM implementation in the organizations.

Ways for effective making knowledge management:
- ✓ The organization should create a culture that stimulates knowledge sharing and learning.
- ✓ It ensures that the users' need matches the type of knowledge and the type of system used to transfer the knowledge.
- ✓ It must ensure that users believe that knowledge sharing is useful for them and support knowledge management program.
- ✓ Users must be motivated to be willing to travel and share knowledge with others.
- ✓ Experts must be made available and help teams to solve tough and unusual problems.
- ✓ It is better to have different knowledge sharing systems for different groups of employees.
- ✓ There should be integration of knowledge and organizational practices.

Conclusion:

By way of a summary, I can do no better than to quote from Bill Gates:

Knowledge management … is not a software product or software category. KM doesn't even start with technology. It starts with business objectives and processes and recognition of the need to share information. KM is nothing more than managing information flow, getting the right information to the people who need it so they can act on it quickly.

References:
Wealth of knowledge by T. Stewart
Working knowledge by Prusak and davenport
Knowledge asset management by Young, Abecker, Apostolou
Harvard review on knowledge management by Leonard, Straus, Drucker
Knowledge management best practice by MertindHeisig, Varbeck
If only we knew what we know by Carla o'del
Introduction to knowledge management
The new book of knowledge
www.Knowledge management-forum.org
www.repository.com
www.flipkart.com
www.peeplo.com
www.wikipedia.org
www.brint.com
www.K-M-software
www.cio.com
www.KM-online.com

******