Additional cases

Chapter 8

Measuring the impact of knowledge loss: more than ripples on a pond?

A case study on Knowledge Loss in the Australian Defence Force

Massingham (2008) reports on an in-depth case study into the loss of knowledge and whether the knowledge loss caused by the exit of valuable employees in organizations has an impact on the organization and its surviving employees, and if so, how and to what extent. Their study follows a case study approach based on empirical enquiry.

Their paper starts off by briefly sketching citing the literature on what knowledge loss means, and the negative impact loss has on organizations. This includes the negative effect on the organization's functioning, human resource costs, productivity, and employee morale and motivation. In addition, the loss of employees negatively impacts remaining employees manifesting as negative psychological impacts including job insecurity and anger which impact performance, motivation, job satisfaction, and organizational commitment.

The paper proceeds to identify the impact of loss on: lost human capital, lost social capital, lost structural capital, and lost relational capital. Each of these elements relates to knowledge; whether it is employee capability (human capital), access to tacit knowledge (social capital), individual or organizations' capacity to learn (structural capital), and knowledge flows through relational ties (relational capital).

Following a qualitative research approach enabled the researcher to get access to rich data using a single case organization (EngServ). EngServ is part of the Australian Department of Defence and provides engineering services to the Royal Australian Navy (RAN). As expected, RAN is involved in many risky activities, including controlling large and expensive infrastructure such as ships that are instrumental to Australia's national security.

Due to policy changes over years, RAN's naval engineers decreased from 700 in 1990 to 100 in 2008. The consequences were a decrease in technical knowledge, more outsourcing followed and an overall decline in RAN's ability to be an intelligent customer for industry.

Data collection comprised a series of workshops involving 94% of RAN's workforce. Workshop interviews concentrated on identifying the impact of knowledge loss. Interviewees also completed a questionnaire that had two parts: knowledge value and knowledge loss. Analysis concentrated on knowledge value and knowledge loss in the context of human capital, social capital, structural capital, and relational capital. For this, the findings are represented as a number of 'Episodes', evidence of the impact knowledge loss have on RAN. The findings are synthesized as a preliminary conceptual model that captures the risk (high, medium and low) impact of knowledge loss. This model can be used to knowledge risk associated with knowledge loss at the business units, social network, and activity level.

Questions:

1) Do you think the methodology the author followed is a good way to assess the loss of knowledge in this type of organization (you could spend more time reading more about the methodology part and the social network analysis method part followed in this paper.

2) Imagine you are managing the engineers in RAN and need to take precautions to prevent the further loss of knowledge. What mechanisms would you introduce?

Source: Massingham, P. (2008). Measuring the impact of knowledge loss: more than ripples on a pond? *Management Learning*, *39*(5), 541-560.

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