Critiquing the Knowledge Management Strategies of Non-profit Organizations in Australia

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Abstract—Non-profit organizations are identified as knowledge intensive. This qualification, coupled with a range of environmental forces exerted by both the public and for-profit sectors have irrevocably changed the landscape within which the not-for profit sector works, and its consequent functioning. Non-profit organizations, faced with an increasingly competitive environment, require adoption of a strategic approach to ensure sustainability, part of which requires strategic management of their knowledge assets.

Debowski's model of Knowledge Development is presented as a framework for examination of the level of conscious adoption of Knowledge Management strategies of the non-profit sector in Australia. Though competing with the for-profit sector, it will be argued that the uniqueness of non-profit organizations prevents them from directly adopting strategies used by the for-profit sector. Consequently, not only do strategies need to be tailored to suit the nuances of the non-profit sector, a number of external stakeholders, more specifically the public (Government) and for-profit sector, need to directly contribute to the development of non-profit sector's capacity in this area. It is argued that these contributions are required, as both the public and for-profit sectors create significant barriers for such development, and that non-profit sector should be supported because of their significant economic and societal contributions.

Keywords—Knowledge Management, Knowledge Development, Knowledge Strategy, Non-profit organizations.

I. INTRODUCTION

KNOWLEDGE Management is an emergent discipline, steadily finding its place separate from, yet drawing upon disciplines such as philosophy, psychology, sociology, management and economics (Terra & Angeloni, 2003). Knowledge Management, as distinguished from Information Management, is defined as "*the process by which an organization creates, acquires and uses knowledge to support and improve the performance of the organization*" (Kinney, cited by Hurley & Green, 2005). While there is debate about its legitimacy as a separate discipline, there is no doubt that organizations that adopt Knowledge Management practices in a strategic manner are frequently identified as successful companies (Jashapara, 2004).

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Although Knowledge Management is an emergent field, and as such it continues to hold promise of development through further research (Debowski, 2006), research to date has been limited to its application to the commercial sector. Only minimal examination of the application of this field to the non-profit sector has been undertaken (Hume & Hume, 2007). One may postulate that this has been due to the emergent nature of the field, though, as will be supported through this paper, the non-profit sector is comprised of services that are knowledge-intensive (Lettieri, Borga & Savoldelli, 2004). This leads one to question why such an emergent field has not yet found roots in a sector, which is so knowledge reliant.

In this paper the following questions will be examined:

- Can the non-profit sector benefit from Knowledge Management?
- Is the non-profit sector consciously adopting Knowledge Management strategies?
- What limits the non-profit sector from maximising benefit from Knowledge Management strategies?
- What is required for the non-profit sector to maximise Knowledge Management?

We build a case to support research in this area, based on the societal contributions the non-profit sector makes. Debowski's (2006) five phase model of Knowledge Development will form the framework to evaluate Knowledge Management strategies used by the non-profit sector. This will underpin the methodology used to explore the research questions. Existing literature, secondary data and relevant documents within the public domain will be examined in relation to each phase of this evaluative framework.

The objective of this study is to establish a case for the need to manage knowledge within the non-profit sector, not only to facilitate this sector's ongoing societal contributions, but also to assist ongoing economic contribution to Australia's global economic viability and Knowledge Management strategy. It is anticipated that the examination will reveal that the Knowledge Management strategies adopted within the non-profit sector would vary from those utilised in the for-profit commercial/business arena. Conventional strategies would require tailoring to the non-profit sector and a number of

parties including the government will hold the key to its success.

II. Review of Literature and Theoretical Framework

A. The Non-profit Sector

In Australia, non-profit organizations have existed since European settlement, exerting significant influence on the development of a range of institutions, which have impacted many aspects of Australian life (Lyons, Hocking, Hems, & Salamon, 1999). Non-profit organizations exist as distinct organizations in various fields and are referred to differently depending upon the sector. Non-profit (also referred to as Not-for-profit/qualified as the third sector) institutions within social services are named community organizations, with the terms charities, voluntary or non-government organizations (NGOs) used interchangeably.

In consideration of the breadth of the non-profit sector, The Australian Government Department of Communications, Information Technology and the Arts (DCITA) offer the following working definition of a non-profit organization: "*A non-profit organization is one formed to achieve a common goal or benefit, is member or public serving in nature, is based on voluntary membership and is prohibited from collecting or distributing profit*" (DCITA, 2005).

The encompassing purpose of non-profit organizations is to create value for society, with their primary objective not linked to the generation of profit (Lettieri, et. al., 2004); however their societal contribution in demonstration of collective action and regeneration of social capital is significant.

Non-profit organizations constitute a sizable economic force (Salamon, 2007). Analysis of the accounts of non-profit institutions, including calculations of the value added by volunteers, conducted across eight countries, revealed that non-profit institutions contribute an average of 5% to GDP. DCITA (2005) reports that in 2000 Australia's non-profit sector contributed $29.6 billion to the GDP, exceeding the economic contribution of the Mining sector.

The non-profit sector within Australia is comprised of an estimated 700,000 organizations, including 100,000 incorporated associations and 10,000 companies limited by guarantee (DCITA, 2005). Of these organizations, 35,000 employ staff with the figures for the year 2000 indicating that the sector employed 604,000 people representing 6.8% of those gainfully employed within Australia (Australian Bureau of Statistics, 2002).

An important source of income for non-profit organizations is gift giving, depending heavily upon both this source and volunteer effort (Lyons & Passey, 2005). In 2004 a total of $5.7 billion was given to non-profit organizations, contributed by 87% of the Australian adult population representing 13.4 million adults (Lyons, McGregor-Lowndes & O'Donoghue, 2006). This figure does not include the $2 billion Australians spent on raffle tickets or funds raised from charity events specifically aimed at fundraising (Lyons, McGregor-Lowndes & O'Donoghue, 2006). Of further significance is the $2.3 billion financial contribution of Australian businesses to the non-profit sector, a figure which does not include the $1 billion transferred in goods and services (Lyons & Passey, 2005).

All of the above supports that the financial and social impact of non-profit organization cannot be trivialised. The sustainability of these organizations is important to Australia's financial and social landscape; consequently, analysis of these organizations' strategic imperatives and success is a socially valuable pursuit as is the exploration of Knowledge Management strategies as a key component of this analysis.

B. The Emergence of the Need to Strategically Manage Knowledge in the Non-profit Sector

The emergence of a Global Knowledge Economy (GKE) has fundamentally transformed global economic activity (Sheehan, 1999). This new economy has transpired consequent to the influences of globalisation and increasing level of knowledge intensity (Houghton & Sheehan, 2000). The exponential rate of Information Technology (IT) development, supported through scientific and technological advances has facilitated an unprecedented acceleration of knowledge production. This has been accompanied by a drive to develop and enhance tools and capacity to capture and quickly disseminate this information (David & Foray, 2002) and to respond to a competitive market comprised of knowledge intensive and customer centric industries (Hislop, 2005). What has been witnessed is a primary transfer from an industrial economy focused upon commercial products to a knowledge economy based upon service and organizational and individual expertise (Hislop, 2005). This has been accompanied by an unshakable shift in human activity, where both work and other "*daily activities have been transformed by the increasing capacity to learn, communicate and perform a wide variety of tasks through technology*" (Debowski, 2006).

"*Knowledge in an organization is the collection of expertise, experience and information that individuals and work groups use during the execution of their tasks. It is produced and stored by individual minds, or implicitly encoded and documented in organizations processes, services and systems*" (Vasconcelos, Seixas, Chris & Lemos, 2005). Organizational knowledge is differentiated from data and information; in essence it is the residual when all else is accounted for in the explanation of internal productivity (Prusak, 2001).

Knowledge held by individuals can be both explicit, representing knowledge that is easily documented and shared with others, such as declarative and procedural knowledge, or knowledge can be implicit, representing expert tacit knowledge that is often formed over years of experiential learning, and is difficult to duplicate, share, replace or interpret (Groff & Jones, 2003). Both forms of knowledge are essential within organizations, however implicit knowledge which forms the human/intellectual capital of the organization is the knowledge which requires organizational management strategic focus if organizations are to achieve sustainability (Frappaolo, 2006) within the competitive GKE.

While all organizations involve knowledge, not all qualify as knowledge intensive. Knowledge intensive organizations are those engaged in delivering services and or products

where there is a reliance on human capital to produce these outputs, that is "*organizations that know how to do things*" (Winter, as cited by Prusak, 2001). Such organizations are reliant upon a qualified and educated workforce engaged in work related intellectual activity (Alvesson, 2001). These organizations rely upon human/ intellectual capital as opposed to physical capital to sustain a competitive edge within the market place (Swart & Kinnie, 2003). Reliance upon delivery of services that are knowledge specific (eg, delivery of counselling/psychological services) that require a skilled work force would qualify non-profit organizations, particularly in the community sector as knowledge intensive enterprises (Murray & Carter, 2005).

The landscape of the non-profit sector within Australian society is changing. Trends initially identified by Lyons (1998) of non-profit organizations being amalgamated, transitioned to or having been acquired and converted to for-profit organizations coupled with discontinuation of government exclusive subsidisation of non-profit as providers have continued (Council of Social Service of NSW, 2006). For-profit organizations (eg. such as in the Jobnetwork arena) have started delivering services that would have historically been contracted out to community organizations (Council of Social Service of NSW, 2006). The increasing performance demands from funding bodies (Rawsthorne & Shaver, 2008) and the shift to competitive based tendering where both for-profit and non-profit organizations are competitors (Marks, Waterford & Suhood, 2005) are also putting pressure on the non-profit sector. The competition faced by non-profit organizations to deliver services upon income which cannot be sustained through volunteer effort and philanthropic contribution (Casey, & Dalton, 2004); where a proportion of competitors are no longer local but international, the increase in expectations from customers, suppliers and funders for services that are integrated, tailored to individual needs and delivered in a timely manner (Lettieri, et. al., 2004); have all worked to incontrovertibly shift the landscape which non-profits function within.

These shifts in the landscape represent competitive forces, which have coerced the non-profit sector to adopt commercial business models and practices (Helmig, Jegers & Lapsley, 2004) or utilise for-profit organizations as their models (Leiter, 2005).

History teaches us that Knowledge Management has consciously emerged as a practitioner based response to particular economic and social drivers; globalisation, ubiquitous computing and knowledge centricity. It is a consequence of a growing awareness that organizational effectiveness is linked to its collective social and cognitive skills; essentially the tacit knowledge held by the employee, and at a broader level, by the organization. All of these drivers pressure companies to consciously understand and exploit their knowledge resources to remain globally competitive (Prusak, 2001).

To effectively manage knowledge within an organizational context, the process by which intellectual assets as the key to sustainability and organizational performance are identified, captured, organised and disseminated is fundamental (Jashapara, 2004). Knowledge Management is directly concerned with employee interpretative capacity and consequently concerned with the richness and quality of the information rather than quantity. Knowledge Management begs for contextual provision, information validation and human connectivity. It is a direct derivative of the field of organizational learning. Knowledge acquisition is a dynamic process; it is consequential, socially contextual, transformative and culturally influenced. Knowledge Management is value based and intertwines with strategic and tactical level action (Terra & Angeloni, 2003).

Knowledge Management, while more established as a concept and methodology within the for-profit sector, is a concept that has only begun to be explored within the non-profit sector. Methods for the translation of the characteristics of effective Knowledge Management into a form suitable for the non-profit sector are rudimentary (Andreasen, Goodstein & Wilson, 2005).

The primary objective of non-profit organizations is not to derive economic profit, but rather to create social value for their stakeholders and consequently for society. Recently however, non-profit organizations have been, and continue to be, exposed to a variety of driving forces and consequent pressures to examine new managerial paradigms (Lettieri, et. al., 2004). Knowledge Management has become a key strategy for for-profit organizations to maintain a competitive edge. The presence of for-profit organizations within the community sector and the pressure imposed by government, ensure that the effective Management of Knowledge is vital to the sustainability of non-profit organizations within the new globalised welfare market.

There remain significant differences between the for-profit and non-profit sectors and consequently differences in the application of Knowledge Management within each of these contexts (Hume & Hume, 2007). As Kong (2007) highlights, while supportive of the concept that non-profit organizations need to be managed strategically, it is essential that these organizations keep the social dimension of their work centre stage, as it is frequently the primary reason for their existence within society.

C. Mapping a Knowledge Management Evaluative Framework

Knowledge does not exist in a static state. As organizational knowledge relies upon both collective and individual contributions (Tsoukas & Vladimirou, 2001), it logically follows that organizational knowledge is not static. The degree and quality of development of organizational knowledge will vary between organizations and is dependent upon attention provided to various stages of knowledge development (Jashapara, 2004).

Debowski (2006) outlines a model of Knowledge Development that encompasses five phases crucial to Knowledge Management. The first of these phases is knowledge **sourcing**, which concerns itself with the identification of sources and organizational knowledge gaps. Knowledge sourcing requires the bringing together of informed sources of knowledge. The second phase of Debowski's model is that of knowledge **abstraction**. This phase draws directly from the insights gained from the

sourcing process and requires extrapolation/critical examination/framing of the issues uncovered in the preceding phase to be used in the construction of subsequent knowledge. Knowledge **conversion**, the following phase, is concerned with the translation of the ideas and principles developed in preceding phases into specific outcomes. Knowledge **diffusion** is the next phase, focused on the dissemination of both codified and embodied knowledge respectively. Codified knowledge can be easily recorded and accessed as opposed to embodied knowledge which is held by individuals within the organization. The final phase of knowledge **development/refinement** is crucial in ensuring that knowledge sustains currency and usefulness. In this paper, we use Debowski's model as a framework to critique the effectiveness of Knowledge Management strategies utilised by non-profit organizations in Australia.

III. EXAMINING KNOWLEDGE STRATEGIES

A. Examining Sourcing Strategies of Non-profit organizations

The capacity of an organization to source knowledge is a key component of its Knowledge Management strategy. In the knowledge creation process, knowledge **sourcing** is an important early step and assists the organization to understand "*what is known*" and identify the gap between its current knowledge state and "*what needs to be known*" (Debowski, 2006). Where a knowledge gap is identified, a responsive organization would undertake to review and draw together a range of sources of information to guide the knowledge gap closure process. These sources typically include both organizational explicit resources and information held by individuals, or groups of individuals both internal and external to the organization. Potential sources that could prove useful to access during this process include: specialised knowledge held by individuals within the organization or those previously employed by the organization; utilisation of expert consultants external to the organization and material that can be gleaned from organizational records, including, but not limited to, policy and procedural manuals, organizational reports and the organization's intranet (Debowski, 2006).

In the non-profit context, more so than in the for-profit context, choice of network collaboration forms — formal or informal — are directly influenced by environmental and contextual factors. The primary factors influencing collaboration form include: *resource dependency*, where collaborative relationships are formed driven by managerial response to limitations to the organization's available resources; *institutional factors*, the establishment of linkages to meet regulatory and/or legal requirements, or where the linkage has been mandated, such as by government (being the largest funder of non-profits), legislation and/or professional regulatory bodies; and *network effect*, which pertains to the social aspect of cooperation, including the opportunities a network offers for the development of awareness, trust amongst the parties and the mutual striving toward a common goal (Guo & Acar, 2005).

Analysis of sourcing strategies utilised by non-profit organizations has revealed that the sector is limited in its capacity to source knowledge within and external to the sector. A study during 2000-2002 revealed that National peak bodies had lost some of their funding, with close to a fifth losing all their funding (Melville, 2003). While peak bodies offer an existing structure to support industry knowledge sourcing, under the Liberal government (1996-2007) these bodies experienced a reduction in funding, the effective outcome being a reduction of support to the non-profit sector as a whole, limiting non-profit sourcing opportunities. Interagency sourcing activities, specifically activities between non-profit and for-profit services, have been directly impacted by the government's shift to a competitive tender funding model — Jobnetwork being a predominant example (Council of Social Service of NSW, 2006). The funding model utilised is one based upon payments for individuals, and is outcome based, signalling movement away from payment in recognition of operational costs. The government has also steered toward a funding model which circumvents the need to interface with potentially numerous service deliverers by promoting contractual arrangements where communication is channelled through an intermediary such as a lead agency or consortium (Council of Social Service of NSW, 2006). Broader partnering of non-profits with businesses in the commercial sector not directly competing for welfare work, has experienced some increases. Viewed from resource dependency theory and resource based views of organizations, exchange is the foundation of these collaborations, where the corporate partner provides financial resources, while the non-profit organization provides linkage with the social and moral values that the corporate partner wishes to be associated with (Mutch, 2007). Irrespective of the objectives, knowledge exchange becomes pivotal to these partnerships. Non-profit sourcing directly from government is limited by a negative shift in perceived government/non-profit relationships, while opportunities to source knowledge via research partnerships with tertiary institutions requires continued and increased injections of funding from government.

B. Examining Knowledge Abstraction Strategies of Non-profit organizations

Following the knowledge sourcing phase is the process of knowledge **abstraction**, where the insights gained from the sourcing process are extrapolated into new knowledge in the form of principles and concepts that guide subsequent knowledge development to address the issues that emerged in the preceding phase (Debowski, 2006). The abstraction phase is complex and can be time consuming, particularly where the knowledge is politically fraught, complex or requires gaining group consensus. This, however, is an important phase and lays the groundwork for the development and specification of knowledge outcomes (Debowski, 2006).

Crucial to the abstraction phase is the capacity of the organization to recognise, identify and label knowledge assets along with the capacity to address the issues identified in the sourcing phase (Debowski, 2006). Such perception requires the organization to be "*knowledge conscious*" with a commitment to knowledge creation and development that permeates throughout the organization. The leadership of the

organization is crucial in shaping, creating and sustaining a knowledge culture and is reliant upon a vision and mission that is incorporative of this agenda (Hewlett, 2006).

The mission and vision of non-profit organizations are different from that of the for-profit organizations. Non-profit organizations, by delivering services that enhance the health and welfare of individuals and groups which in turn build social capital, aim to create social value for a society as a whole. From the numerous definitions of social capital, we draw upon the following three definitions:

"*.. networks together with shared norms, values and understandings that facilitate cooperation within or among groups*" (OECD, 2001, cited by DCITA, 2005)

"*....features of social organisation such as trust, norms, and networks that can improve the efficiency of society by facilitating coordinator access*" (Putnam, cited by DCITA, 2004)

"*...refers to the norms and networks that enable people to act collectively*" (Woolcock & Narayan, 2000).

Social capital is comprised of three primary elements — *bonding capital, which refers to relations among relatively homogenous groups (such as an ethnic, religious or socioeconomic group) and it strengthens the social ties within the particular group*" (DICTA, 2005), *bridging capital, which refers to relations between heterogeneous groups and it strengthens ties across such groups*" (DICTA, 2005) and *linking capital,* which refers to relations between individuals and groups in different social strata in a hierarchy where power, social states and wealth are accessed by different groups*" (DICTA, 2005).

Consequently, non-profit community organizations possess a stronger visionary focus that is more externally directed than commercially based operations which possess an internal "*within*" visionary focus, primarily driven by profit. Because of the complexity of fulfilling such a broad and idealistic vision, "*nonprofits missions are often unclear and in flux, and the methods for effective pursuit of those missions are often unsettled*" (Leiter, 2005). A state of affairs which typically results in non-profit organizations expending significant resources, such as time, funds and imagination "*reinventing the wheel*" (Hurley & Green, 2005). Lack of collaboration between non-profit services limit replication of successful results achieved by one program from being translated to another program in another non-profit organization. This is as a consequence of "*nonprofit organisations lacking critical processes and knowledge needed to help them develop, evaluate, document and share successful programs*" and a lack of systems that facilitate the capture and dissemination of this knowledge (Hurley & Green, 2005). Consequently, non-profit organizations are limited in their knowledge abstraction, not only because of limitations pertaining to lack of ability to source appropriate repositories of expert knowledge external to the organization, but also because of internal limitations with sourcing and abstracting expert knowledge from within the organization.

The process of knowledge abstraction assumes organizational capacity to examine knowledge deficits and from the sourcing process extrapolate concepts that guide further knowledge development. Such conceptualisation is

reliant upon being "*knowledge conscious*" and being able to utilise both expert sources of knowledge both internal and external to the organization to understand "*what is known*" and to develop a sense of "*what is not known*" so that subsequent knowledge development can be strategically focused. Without effective sourcing strategies an organization's abstraction is limited by "*what is not known*". Non-profit sourcing of both internal and external knowledge resources is limited by a number of external restraining forces, such as government under-funding to support collaboration between non-profits and between non-profits and external bodies such as educational institutions and commercial operations. Effective knowledge abstraction is also reliant upon strong knowledge leadership; with the primary knowledge leader (the CEO), being "*knowledge conscious*". It is equally reliant upon the permeation of a knowledge sharing/learning culture throughout the organization, commencing with a vision and strategy that emphasises this approach and the provision of both managerial and technical infrastructure that models such a culture and quells knowledge sharing hostility.

In application of these concepts to the non-profit sector, most non-profits have not reached sufficient maturity to stabilise their vision/mission or methods for their achievement, let alone allow a knowledge focus to permeate these areas. There is evidence of non-profits minimal engagement in sourcing and abstraction, an ability hampered by the government's focus upon competitive tendering, limited funding and the external focus and overly idealistic nature of the non-profit sector.

C. Examining Knowledge Conversion Strategies of Non-profit Organizations

Knowledge **conversion** is the stage at which the concepts developed in the abstraction phase are translated into objectives and measurable outcomes (Debowski, 2006).

Although knowledge leadership is required to develop a knowledge vision and translate this vision into practice, the extent to which it can be successfully translated is also dependent upon the structure of the organization (Debowski, 2006). While the phase of knowledge abstraction relies upon a knowledge leadership culture, the process of knowledge conversion relies upon important managerial, technical and social infrastructure underpinned by both the organizational culture which in turn is directly influenced by the organizational structure (Jashapara, 2004).

Organizational structure, by the very nature by which power is distributed through the organization, influences how knowledge is created and most importantly disseminated (Debowski, 2006). Organizations typically adopt a functional or divisional structure. In a functional structure, work teams are defined by their activity and divisional structures are based around products, services or location (McShane & Travaglione, 2003). The most ideal knowledge focused structure is one that is matrix in design, where there is a combination of elements being driven centrally, while others are driven locally. This structure offers maximum opportunity for cross fertilisation of ideas and knowledge sharing (Debowski, 2006).

As discussed in the preceding sections, non-profit organizations are typically limited by both internal and external barriers from fully engaging in knowledge sourcing and abstraction. It logically follows, that as knowledge conversion is reliant upon these preceding phases, capacity of the non-profit organizations to engage in knowledge conversion is also limited. The influence of the typical structure of non-profit organizations, commonly adopting hierarchical forms limits non-profit organizations' ability to execute knowledge conversion. The government imposition of defined outcomes and methods for the achievement of these outcomes limits both capacity for innovation and the development of knowledge that has competitive edge or outcomes that are strategically knowledge specific. It is also to be noted that the size of the organization limits capacity to expend resources on defining knowledge specific objectives and expend resources in implementing strategies to meet these objectives.

D. Examining Knowledge Diffusion Strategies of Non-profit Organizations

The characteristics of effective Knowledge Management are reliant upon strategies that enable both tacit and explicit knowledge, embodied and disembodied to be disseminated (Debowski, 2006). Effective knowledge **diffusion** is reliant upon technical tools as well as strategies that support the development and retention of human capital (Wood, 2003). Measuring knowledge diffusion is complex and is comprised primarily of the following components: diffusion of embodied knowledge captured within technological infrastructure, including the diffusion of knowledge through information and communication technologies; and the diffusion of disembodied knowledge held by the organization's human capital (Wood, 2003).

It is evident that non-profit organizations possess both explicit and tacit forms of knowledge and require effective methods for the diffusion of this knowledge. The government in its paper named "*Information and Communications Technology Transforming the Nonprofit Sector*" (DCITA, 2005) has recognised the operational efficiencies that non-profit organizations can gain from ICT uptake, particularly those significant in size and financial operation, and who compete with commercial, for-profit agencies. DCITA (2005) articulates recognition that ICT can enhance financial, administrative functions and communication both internally and with key stakeholders. Applications highlighted to be of specific benefit to the non-profit environment include utilisation of ICT to: enhance information sharing, internal administrative processes and databases to manage explicit forms of knowledge; to augment relationship development through electronic newsletters and email; provide online forms of social support, training and learning development; support fundraising, banking, purchasing and reporting functions; facilitate engagement in local, national and international networks; support consultative and feedback functions etc.

The benefits of adoption of ICT in the community sector reflected by the government are independently supported internationally. Wilcox and Pearl (2002) cite potential organizational, member and client benefits of adoption of ICT by community organizations in the United Kingdom, while the Canadian Voluntary Sector Initiative emphasises internal marketing benefits. However, there has been an absence of detail in data collected pertaining to the utilisation of ICT in the non-profit sector, both in Australia and internationally (Denison & Johanson, 2007).

Spurred by a lack of Australian data, the Centre for Community Networking (CCNR) at Monash University initiated a program of longitudinal research in 2002 to examine the uptake of ICT in the third sector, patterns of usage over time within the sector and barriers faced by the sector (Denison, 2004). Key to the research conducted by CCNR was the development of the Community ICT index (Denison, 2004). The index was used to survey 2,915 organizations and the results indicated that there was rapid uptake of ICT by community organizations, with many non-profit organizations possessing basic access to ICT and the internet.

Pro Bono Australia, a commercial enterprise that aims to support the non-profit sector, published the results of a 2005 survey, which explored participant opinion pertaining to the use of ICT by the community sector. Responses indicated that 56% of those surveyed perceived that the non-profit sector was experiencing significant lag in effective utilisation of ICT; 73% indicated that non-profit organizations perceived that they were missing out on the benefits of ICT due to limited resources.

Although there is evidence that many community organizations are utilising ICT to enhance their operations (Denison & Johanson, 2007), the weakness in the adoption of ICT by the non-profit sector has also been well documented (Denison, Stillman & Johanson, 2007).

It is evident that knowledge diffusion strategies pertaining to ICT infrastructure is still in its infancy within the non-profit sector. While examination of ICT utilisation within the non-profit sector reveals an increase in complexity in the manner in which non-profits utilise ICT, such uptake and utilisation do not approximate that of the commercial/business sector. Non-profit organizations are also not sufficiently positioned to utilise a level of ICT to support online Communities of Practice (COPs), defined as informal, self-selecting groups existing to service cognitive and social interests, electing their own agenda and leadership (Jashapara, 2004). COPs exist as knowledge structure, and with inducement from the government, COPs could work to support the needs of the non-profit sector. While it is evident that government has provided some support to the non-profit sector to support ICT uptake and utilisation, strategies have not targeted the specific needs of this sector. Where the government has provided support for ICT infrastructure, it has been focused upon individuals and community-based strategies.

E. Examining Knowledge Development/Refinement Strategies of Non-profit Organizations

In Debowski's (2006) model of knowledge development, the knowledge diffusion process is followed by a phase of knowledge **development and refinement**. This phase is underpinned by the assumption that knowledge requires ongoing shaping and refinement through testing and

evaluation of additional experiences. Such a phase demands that knowledge development is an evolutionary process, ensuring that created knowledge is relevant and current. This phase requires that knowledge captured in tacit, implicit, embodied and disembodied forms is regularly reviewed and updated.

As discussed thus far, the government's trend toward awarding funding utilising a competitive tendering model has been coupled with increased reporting and accountability measures. "*Monitoring and evaluation involves the development of a series of systems – standards, performance measures, data collection and planning.*" (Council of Social Services of NSW, 2006). In articulating that these areas should be negotiated between government and their funded agencies, the Council of Social Services of NSW (2006) is indirectly criticising the government for lack of such action and for focus upon outcomes that are quantitative, rather than qualitative. "*Monitoring and evaluation should never be simply about compliance with the contract. It must be about encouraging better quality and performance improvement*" (Council of Social Services of NSW, 2006).

Rawsthorne & Shaver (2008) randomly surveyed 1,800 community organisations to examine perceptions of relations between government and non-government organizations. One third of the organizations surveyed responded, 90% of the respondents being non-profit organizations. The results revealed that 'government imposed reporting' was neither perceived as a tool to genuinely support quality improvement processes nor improve organizational functioning, but rather seen as an obligatory accountability tool to attract or retain existent funding. Respondents reported excessive demands on time in meeting government imposed reporting requirements. This detracted from core service delivery and inhibited innovative opportunities, while also inhibiting the ability to execute core functions such as advocacy, community development and gap-filling in local service networks. A significant majority of respondents reported that funding monies provided were insufficient to cover reporting costs. Rawsthorne & Shaver's report also indicated that surveyed respondents were critical of what they perceived to be a government focus upon short tem objectives/outcomes which lead toward neglect of longer term considerations of organizational diversity, sustainability and distinctiveness. Knowledge development and refinement is a process requiring a longitudinal focus, which is in conflict with government's short term funding objectives.

Our analysis of the knowledge diffusion indicates that non-profit organizations are engaged in some processes, either consciously or unconsciously that support a Knowledge Management agenda (e.g. attempts at ICT infrastructure). Non-profit organizations exist in a less mature industry coupled by Knowledge Management strategies that are in their infancy. This state of Knowledge Management infancy and certainly capacity to engage in knowledge development and refinement strategies are being hampered by government contractual requirements. Given increased funding and support to recognise the advantages of a Knowledge Management agenda, it is likely that non-profit organizations would use such strategies to facilitate and enhance their capacity to deliver community services.

IV. CONCLUSION

Our analysis reveals that non-profit organizations exist within a knowledge intensive industry and that there is a need to manage knowledge effectively to create internal efficiencies and to compete effectively with for-profit organizations that have entered the welfare market. While Knowledge Management is an emerging field, for-profit organizations demonstrate greater maturity in their Knowledge Management strategies when compared with non-profit organizations that remain in an infant state. The predominantly "within" approach of the Knowledge Management strategies adopted by the commercial world, which have been built upon an ICT focused paradigm are not suitable for the non-profit sector and are incompatible with the strong external community focus held by non-profit sector. For Knowledge Management to be adopted effectively, strategies need to be tailored to the non-profit sector.

The non-profit sector is yet to reach maturity within its lifecycle and consequently, in comparison with mature commercially based industries, Knowledge Management is in an infant state within the non-profit sector. As a consequence, a Knowledge Management agenda is only just emerging and beginning to be consciously recognised as an important strategy to remain viable in an increasingly competitive setting where available work is increasingly becoming commercialised. Although the non-profit sector is engaging in a range of Knowledge Management strategies, few of the strategies are enacted consciously as a Knowledge Management directive.

As the non-profit sector is becoming more conscious of the need to strategically manage knowledge, it is becoming increasingly evident that there are a range of limitations and restraining forces which hinder the sector from maximising benefit from Knowledge Management strategies. It has been argued that these restraining forces derive predominantly from three sources — the government, for-profit and the non-profit sector itself.

Consequently, to develop Knowledge Management strategies tailored to the nuances of the non-profit sector, what is needed is a multi-partisan approach with government, businesses and the non-profit sector all contributing with a range of support mechanisms necessary at each phase of the Knowledge Management development process. Only such a multi-partisan contributory approach will succeed in minimising the current restraining forces and enable Knowledge Management to flourish within the non-profit sector as part of a broader commitment to society and enhancing social capital.

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