

The Model of Organization Totally Oriented to Knowledge

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Abstract: Currently, knowledge represents the basic source of corporate strategic advantage. Strong competition in the field of new technologies and their implementation, while creating new generations of both products and services, imposes on companies their ongoing intellectual efforts. The major part of company employees have to participate in the processes of knowledge recognition, acquisition, absorption, accumulation, transfer and commercial implementation. It has become the basic principle in personnel management to pay employees for thinking and not for just time spent on company premises

The presented original model of the enterprise oriented to knowledge includes basic directives of such model creation. These directives correspond to changes occurring in mature enterprises. The company — which in this publication has been called “KiPMP” — searches for a strategic advantage in new factors coming from knowledge, competencies, long-life education and organizational processes of learning. A described company is the confirmation of the direction of changes included in the model. In the article the author presents his own conception of enterprise’s management based on the model of a company thoroughly oriented to knowledge. The aim of the article is to appoint basic directives on changes ensuring the evolution in the direction of a modern enterprise.

In the author’s opinion the company “KiPMP” shows changes occurring in mature enterprises searching a competitive advantage in new conditions which are connected with permanent education, high competencies and the organizational processes of knowledge.

Key words: model, organization, oriented to knowledge

1. Introduction

The enterprise in a classic perspective is going out of date. The management system of the enterprise in a current form is becoming much less effective. Enterprises begin the third phase of development under the influence of trends rapidly spreading (globalization, virtualization, wicinomics, coopetition). In previous organizational phases the organizational patterns of an enterprise’s efficient activity were Ford and Toyota. Nowadays the most prominent example of the enterprise of New Economy is Cisco System Co. The management of this company is based on the virtualization of activity, the creation of cooperation nets, the creation of product for a particular customer, the collection and usage of intangible resources (including databases with 10 thousands specialists from the whole world). According to the changes in the environment of entrepreneurship and other

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organizations new conceptions and methods are created regarding Organization and Management. A new paradigm of management is emerging: the management of the enterprise based on intangible resources. The focus is the problem of knowledge management. In the many article and books the most important components of knowledge management conception were analyzed. The issues regarding the genesis, essence and importance of knowledge management in the organization were discussed (Bartlett, 1999; McGee & Prusak, 1993; Nonaka & Takeuchi, 1995; Savage, 1990).

2. The Model of Organization

The mentioned model of the organization (Morawski, 2009, pp. 30–34) presents an overall look at the essence of a new company which has to build the mechanisms of acting in a turbulent environment where there is strong competing pressure and connected with it an impermanent strategic advantage. In the conditions of strong time compression dealing with technical and technological changes, the ability to adapt of each organization is the function of own knowledge of customers, competitors, suppliers, business partners. Skilled acquirement, conversion, transfer and usage of knowledge resources (as databases, specialist programs, procedures of acting etc.) should not be the result of accidental, individual, without coordination initiatives of different employees and departments.

Orientation to knowledge changes the essence of organization's functioning. Such a company is becoming an organization in a movement connecting ideas, concepts and technologies which are materialized in products and services filled with knowledge. This organization is organized around useful knowledge. The enterprise oriented to knowledge attracts the potential, of competencies, relations and useful information. The usefulness of this potential is determined not only with current demands and accomplished processes but also with future opportunities and occasions generated by an environment. The own creation of own future is getting possible.

It is necessary to create a knowledge management system. Therefore — considering the nature of knowledge — knowledge management system represents a complex, planned and purposefully applied set of activities focused on managing knowledge and its creation, acquisition, dissemination and utilization processes, as crucial for an organization in its desire to accomplish the set objectives. Knowledge management should cover both its acquisition and sharing, so that any employee in any organization — wherever he/she is and at any time — could have access to the collected and codified organizational knowledge and therefore could take advantage of it in performing due tasks or implementing projects. In this way knowledge becomes the substance of an enterprise intellectual capital.

It is necessary to have an overall idea of knowledge oriented enterprise management. It is required to establish strong correlation between company values ingrained in its organizational culture, its vision and strategy, its business model and personnel policy, especially regarding these key employees attracting and retaining who create its competitive advantage. It is indispensable to combine the concept and the implementation of personnel functions with the selected components (processes, tools) for knowledge management. Both human resources management and knowledge management have to be directly related to an overall business management model in a particular company.

The elaboration on shown characteristic is basic features of an enterprise totally oriented to knowledge. These features, which are described below, are the outcome of author's expert experience, visits in companies, conversations with managers and mental thought. The features are following:

- concentration in a management process on organization's intangible values (creating intellectual capital in the whole organization) as the driving force of competitiveness level in a market),
- management is oriented to the creative combination of occasions, chances and hope (being the elements of the future which is difficult to grasp, unintelligible to a considerable degree and unpredictable) with perfect competencies of employees and an organization enabling to overcome and channel increasing complexity,
- the limits between functional areas in the company are dimmed owing to positive feedbacks arising due to continuous information exchange and building, based on this information exchange, thorough knowledge about customers, suppliers, competitors, technologies and products,
- the offer of services and products filled with knowledge in the form of technology, technique supported with computer science, patents, programmes, organizational methods and techniques,
- the expectation of convenient terms (inside and outside) of: cooperation, the exchange of views, professional and non-professional contacts' initiating and sustaining,
- cooperation (according to formal, legal, organizational and temporal rules) with first-class specialists called knowledge employees having competencies necessary for the keeping and development of a competitive enterprise,
- employees are expected of attitudes and behaviour showing intellectual commitment,
- orientation to the subjectivity of qualified employees or partners is generally obtained by professional community's culture creation which approves the dialog, partnership, trust and responsibility,
- knowledge is used for customers which are offered values based on professionalism and partnership in mutual relations.

Only mature enterprises are able to apply in practice total orientation for knowledge. Previous experience with the implementation of solutions in the scope of strategic management, quality management, organization based on processes and the management of relations with customers create a professional look at the organization among managers. The functioning of the organization is analyzed on account of creating value added for a customer, unique resources, essential processes, product and service quality, innovation and also cooperation in nets. Basic problems of management dealing with a strategy, a structure, human capital, technology and organizational culture are solved with more and more modern methods. Increasing layers of organizational knowledge create a useful methodical and practical base for more advanced concepts. Each next implemented conception is not the one without the past, since the assumptions of conception, proposed components, and the mechanisms of achieving expected goals are the result of previous concepts of management. The widespreading of such concepts creates favourable conditions for perceiving the relationship between enterprise competitive position and enterprise's potential of competence, creativity and learning.

The implementation of a presented model needs fulfilling the following conditions (Morawski, 2009, p. 33):

(1) The model assumes organizational maturity understood as experience and cumulated knowledge connected with implemented concepts and methods which are universally regarded as milestones of companies' management.

(2) Most of employees are knowledge employees — specialists and people pretending to this group on account of their excellent potential.

(3) The developed procedures of searching, recruiting and selecting ensure a permanent influx of new talented employees.

(4) Employees are not assigned to a particular work position, but they play different organizational parts depending on enterprise's needs and individual employees ideas.

(5) A company has a flat structure where management levels are especially needed for determining an acting space. Three organizational levels exist:

- The first level is an executive one: specialists.
- The second level is a managerial one: the managers, coordinators and the leaders of projects.
- The third level: board of directors.

(6) Work organization is based on different kinds of formal and informal teams:

- most of employees is appointed to temporary work in different temporary teams: a team of designers, a development team, an expert team etc.,
- most of employees participates in regular meetings organized by managers and concerning the same issues (for example, product improvement, the improvement of production quality, the improvement of a work environment),
- most of employees participates in regular meetings organized by managers and concerning current matters, problems and events,
- most of employees participates in informal meetings (for example, outside working hours, outside a working place, without superior's initiatives) where the solutions of current problems are discussed and indicated.

The result of a presented model analysis in the dimension of typical elements of an enterprise management system is the pattern of basic directives improving the process of the creation of an enterprise oriented to knowledge (Table 1). The implementation of these directives enhances transformation processes oriented to modern enterprise creation.

Table 1 The Pattern of Basic Directives on Creation the Organization Totally Oriented to Knowledge

The elements of management system	The content of directives	The features of the enterprise oriented to knowledge
Strategy	Strategic management based on vision, mission and simple rules; identification of market opportunities and occasions; short time strategic planning; parallel actions concerning both environment analysis and company analysis; parallel actions concerning both programme implementation and effects monitoring; a customer in the centre of attention	flexibility, creativity, partnership, innovation, entrepreneurship
Organizational structure	Small hierarchy, teams having changeable tasks and line-up; informal expert nets joined with interests and professional passion; changeable organizational roles of knowledge employees; processes and procedures creating value added for a customer	
Personnel politics	Recruiting employees with excellent potential and vocational qualifications; orientation to employees competencies development; rewarding of inventiveness, ability to experiment, sharing knowledge with others, the increase of personal qualifications; encouraging and also creating conditions for personal and informal contacts between employees	
Organizational culture	Open communication; informal contacts; change acceptance; lack of distance; responsibility; the feeling of partners community in creative actions; professionalism ethos; essential values: trust, dialogue, partnership	
Styles of management	Relations between superiors and inferiors are based on partnership, factual supporting, discussion and views sharing; lack of distance between employees; expert power; authority is based on knowledge and personality	
Essential processes	Management of information, knowledge, education, intellectual capital, quality, competencies, innovations, relations with customers, processes of organizational learning	

Source: own study

3. The Example of the Enterprise Oriented to Knowledge

“KiPMP” is the example of a Polish company acting in a continuous movement caused by the events followed in succession such the changes of organizational and legal forms, privatization, the changes of owners, changes inside the company. These changes were becoming the impulse for subsequent ideas of management determining the basic logic of company’s acting. As a result, the company uses different concepts and methods of management. “KiPMP”’s acquisition in 1991 by American Machines Producer (AMP) influenced KiPMP’s willingness to being the precursor of modern solutions. AMP instilled entrepreneurship in employees’ mind. An American management style became the trademark of a former state company.

The essence of management philosophy in “KiPMP” is a conviction that the company aspiring to success must continuously improve their abilities to compete. In companies there are not perfect states so chosen elements of management’s system should be improved and developed. Orientation to new expansion areas, new customers, new suppliers and new cooperants increases the search of solutions which would contribute to company’s development. A described enterprise produces machines for customers in the whole world (countries of UE, the United States, countries of the Far East) and bases its competitive advantage on unique competencies in a global dimension. These competencies are following: partnership in globalization, the culture of masters, managerial innovation, and operational perfection. Listed competencies are the basis for creating a successful strategy through the choice of cheap production places, offering new technologies, and a high standard of a service.

In 2006 the Board of Directors initiated the process of radical changes. The main idea of introduced changes is to transform the company into a learning organization.

In accordance with the accepted programme of changes, “KiPMP” as a learning organization intends to achieve following goals:

- employees’ development,
- the increase of use and value of intellectual capital,
- gaining a competitive advantage,
- achieving expected economic results.

Potential elements of a learning organization’s structure are following:

- the development of managerial competencies of leaders,
- change management,
- the management of competencies and trainings,
- knowledge management,
- the management of creativity and innovation,
- the management of employees with excellent potential,
- intellectual capital management,
- quality management.

In the same year actions connected with the system of knowledge management as a one of essential elements of management in “KiPMP” were begun. These actions were consisted in:

- appointing the committee of knowledge management and handing it over directives,
- searching the similar implementation of knowledge management systems in other companies,
- arranging the outside consultant of knowledge management,
- working out a value code.

In 2007 the process of “Mađra firma” (in English: Smart Company) strategy implementation was begun. It was assumed that key words of “Mađra Firma” are following: information, analysis, knowledge, communication improving the flow and accessibility of knowledge, partnership understood as mutual learning and knowledge development, synergy as value added for team knowledge, knowledge culture understood as the system supporting a continuous increase and improvement of intellectual capital. It was also assumed that the realization of “Mađra Firma” strategy needs the implementation of the concept of a learning organization.

At the beginning of 2007 the Board of Directors marked 20 employees with the most excellent potential out. These employees were recruiting among directors (in the company they were called leaders), their substitutes and specialists. Marked employees represented an internally diversified group on account of age, experience, education. The Board of Directors meant people from management or specialists having managerial predispositions. Employees not being managers were recommended by managers from different levels. Employees especially important for “KiPMP” are: design engineers, construction engineers having high qualifications connected with a stationery industry, especially with technical aspects of machines producing paper. That is why the most of marked engineers worked in a construction department which was the most important department in the company. The unique position of a construction department is also the result of the situation that many engineers in the beginning working in a construction department on account of their predispositions, interests or current company’s goals, next found a job in production and assembly departments.

Key employees, in a natural way, become teachers for younger, less experienced colleagues. Their experience and knowledge, which has been accumulated for years, become the source of tacit knowledge acquired by other, younger or less competent partners in professional tasks, owing to jointly carried out projects, provided instructions, shadowing, observing, imitating, asking questions and obtaining answers. The promotion of subsequent good and very good generations of employees should become an indispensable part of professional work ethics. The best workers play primary roles and it is their imagination, charisma, skills and energy which influence — to a great extent — an enterprise competitive position. Without them an ongoing inflow of new knowledge, original ideas and innovations would not be possible. An outstanding expert, attempting to be the key employee for an organization hiring them is a specialist with high, master competences, an innovator — a person introducing breakthrough changes, independently or in cooperation with other creative employees, a leader — capable of building and leading a team of specialists and a mentor — promoting and monitoring career of other employees presenting big potential

In 2008 in the company actions concerning the introduction of management by competencies as an additional method in an enterprise management system were begun. The Board of Directors assumed that management by competencies will enable the professionalization of human capital management. The first stage in creating a suitable competency space was to determine core competencies of “KiPMP” (after meetings and advice with employees). Determined competencies expressing the most important values and abilities of “KiPMP” will become the directives of company’s general strategy and particular functional strategies (human capital strategy, marketing strategy, logistics strategy etc.).

4. Conclusions

The mentioned example of the company indicates that enterprises create their future on their own. They have to function considering the global market full of modern, technically and technologically advanced machines. This

fact forces continuous improvement of an internal structure of management. “KiPMP” thanks to its creative activity is becoming more and more the enterprise totally oriented to knowledge.

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