

DEVELOPMENT OF MANAGEMENT BASED ON KNOWLEDGE IN THE INTELLIGENT ORGANIZATION

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ABSTRACT

The changes required by the dynamic of the new demands of economic and social environment, profoundly affecting the modern society, have led to the emergence of a new organizational model, focused heavily on the development of the knowledge processes. The paper examines the main role of management in the intelligent organization, going into the following questions: the concepts, features and principles of operation of a new type of management, a management based mainly on the promotion of new knowledge.

KEYWORDS: *knowledge society, intelligent organization, management based on knowledge*

Introduction

The changes occurring in the economic and social environment affect the 20th century organizations profoundly. Their capacity to adapt to the requirements of the future economy largely depends on the development of the level of knowledge. Referring to the importance of knowledge to the level of competitiveness of an organization, Peter Drucker (1999) stressed the fact that „value is now created by *productivity* and *innovation*, both application of knowledge to work”. Those will be competitive organizations that will promote innovation, advanced technologies, their own scientific research for the purpose of increasing the quality of the offered products and services and customer satisfaction. From the perspective of these demands, new managerial responsibilities emerge and develop in relation to the creation, management and dissemination of knowledge within the organization, thus confirming the beginning of a new era in the evolution of management, one that is under the categorical influence of the challenges that the knowledge-based society poses to this field. This new type of management relies on knowledge, scientific research and optimal value of the results.

1. The intelligent organization in the knowledge society

The changes imposed by the dynamics of the new demands of the knowledge-based society have determined the development of a new organizational model, in which the prestige and financial capital will orient towards those companies that most valorize knowledge.

The term of knowledge-based organization appeared during the late 80s of the last century. The specialists' different views over this topic have led both to the use of different terms (such as *intelligent organization*; memory-centered organization, brain organization), but also to different approaches of the concept. Thus, from the perspective of the information technology, it is defined as "a community of knowledge workers who are interconnected by a computer-based infrastructure" (Holsapple C.W., Whinston A.B., 1987). Adopting the managerial perspective, Drucker (1989) identifies the following characteristics: the domination of the professionals, a low number of hierarchical levels of management, non-authoritarian management.

The functionality of the concept of intelligent organization supposes the recourse to a series of working methods and instruments, whose application means, first of all, to support the process of production of new knowledge within the organization by stimulating its own activities of research and development, and life-long learning and training. This type of organization is a necessary and compulsory condition for the functioning of a competitive, knowledge-based economy.

The intelligent organization looks at the processes that ensure its functioning as knowledge processes, generically synthesized under the sign of the: "ILP"- Innovation, Learning and Partner Interactivity (Dragomirescu, H., 1995). Built upon the structure created by the knowledge-based society, where the growing importance of knowledge and the intellectual capital play the essential role, the *intelligent organization* is characterized by the following features:

- ✓ Organizational development and individual development;
- ✓ Creation of new highly qualified human resources forces, who have certain abilities and competences specific of the knowledge-based economy;
- ✓ Primary interest in customer satisfaction;
- ✓ Stress on the development of the intangible assets (intellectual capital), on the creative and conceptual values;
- ✓ Extension of the knowledge background through the development of the organizational innovation and learning processes;
- ✓ Promotion and support of career management and performance management;
- ✓ Use of information as a strategic resource;
- ✓ Generalization and stimulation of life-long education.

The development of the organization that is concerned with the progress of knowledge, with the investments in the permanent education and training of the human resources is imposed by the fact that the contemporary society faces a demand of ever higher and more sophisticated qualifications, specializations, skills and competences in all the fields of activity. Within these organizations, the flow of knowledge comprises a series of specific activities (Andone A., 2003), i.e.:

- *knowledge acquisition* – aims the identification of knowledge in the organizational environment and its efficient use within the organization;
- *knowledge selection* – supposes the selection, from the larger volume of the resources of knowledge, of that sort of knowledge that is necessary to obtain competitive results and the turning of it into some type of knowledge that meets the user's needs;
- *knowledge internalization* – refers to the reception of the knowledge flows from the activities of acquisition and selection, and the production of new flows that would have an impact over the level of knowledge within the organization;
- *use of knowledge* – supposes the generation of new knowledge from the existing resources and the externalization of such.

In intelligent organizations knowledge underlies all the production operations and processes, as well as all the business strategies and tactics. More and more intelligent products and services are created, whose quality is higher and lifetime is shorter. The development of the business processes and decision-making are now achieved by means of some advanced technologies that are absolutely necessary for the well-functioning of a competitive economy. Companies will resort more and more to advanced information and communication systems, to expert decision-assistance systems. Strategic partnerships are made in the field of production of intelligent technologies, multinational teams are created to produce and manage advanced knowledge, and a multicultural organizational culture is developing.

The new organizational model will be capable of valorizing the employees' creative potential, of structuring new responsibilities related to the creation, management and dissemination of knowledge. Labor force will be highly qualified, more and more employees being used in activities related to the production and management of knowledge. In this context, the valorization of the intellectual capital with maximum efficiency constitutes a priority for the intelligent organizations, thus confirming the fact that the more they will be capable to efficiently use the intangible assets they have (knowledge, experience, employee competitiveness, capacity to valorize the owned knowledge etc.), the more competitive they will be.

2. Management of knowledge-based organization

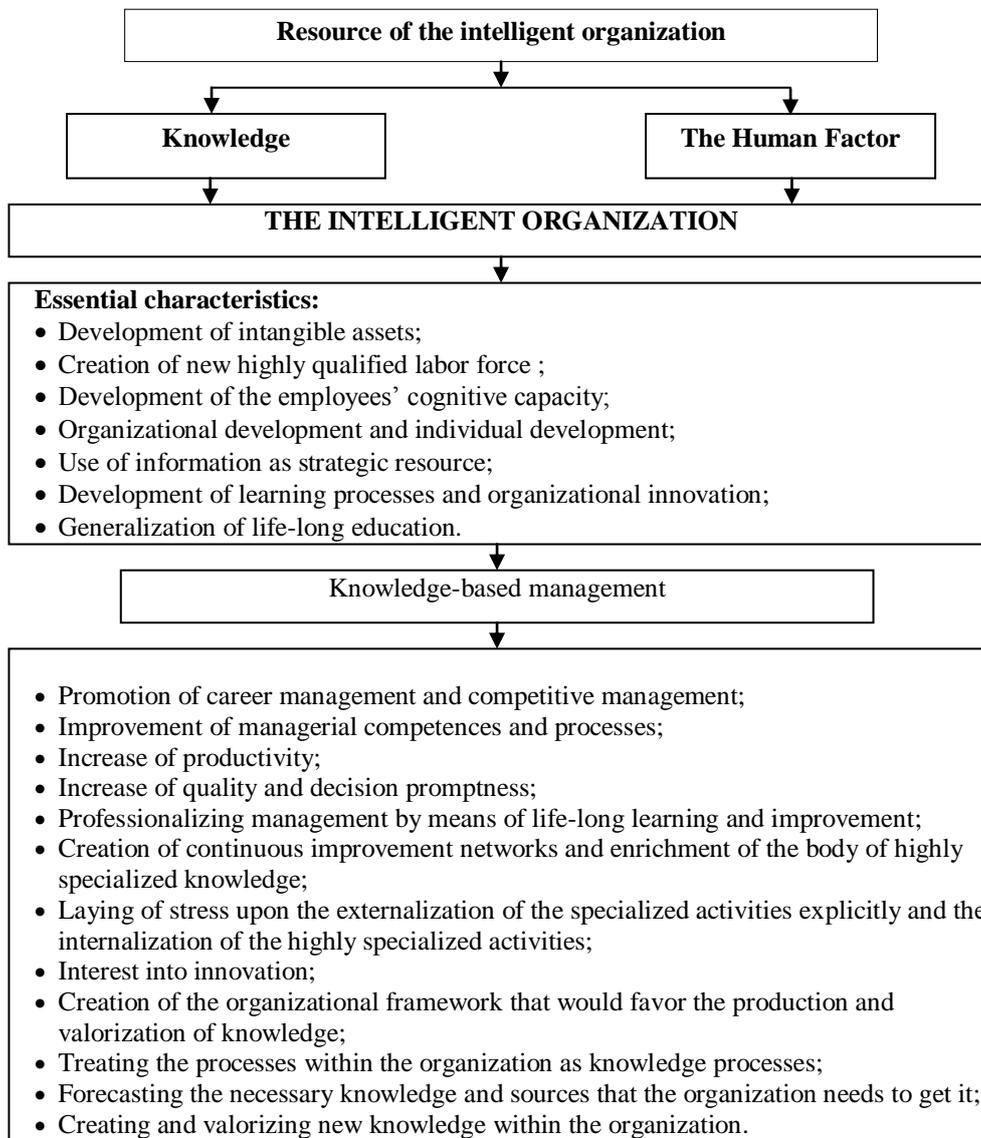
In the "intelligent organizations" the way in which management is conceived and applied changes. The new management system is characterized by the improvement of the managerial competences and processes, by the decentralization of decisions, the stress laid upon the externalization of the specialized activities explicitly and the internalization of the highly specialized activities.

The organization, in its entirety, witnesses changing processes that have immediate effects upon the increase of its capacity to create, attract and employ efficiently new knowledge, thus becoming more competitive. It is preoccupied, first of all, to create and valorize new knowledge and to optimize the use of the intellectual capital owned by it. For these reasons, the knowledge-based management is looked at as "the art of creating value from intangible assets of an organization" (Sveiby K.E., 1999).

The features of knowledge-based management are complex, concentrating around the use, development and sharing of knowledge, around the making of partnerships in innovating and valorizing the information technologies, continuous learning etc. These features can be found in the functions of the knowledge-based management, which suppose the forecasting of the necessary knowledge and of the sources that the organization needs in order to get such knowledge, the creation of new knowledge and the consolidation of the existing knowledge by means of life-long learning and scientific research and, finally, the valorization of the knowledge within the organization. This is the strategic vision of the knowledge-based management, which treats all the processes within the organization as knowledge-related processes. (Picture 1).

In the modern organization the creation, communication and valorization of knowledge involves the practice of a flexible management within the framework of which the line of demarcation between the informal side and the formal one blurs visibly. Managerial interventions are directed towards the elaboration of strategies and the creation of an organizational framework that would favor the production and valorization of knowledge. Managerial responsibilities make way more and more for the activities of

conceptualization, of creation of strategies, for the management of projects, the promotion and management of change. Also, new managerial positions emerge (Information Manager, Knowledge and Life-long Learning Manager etc.), as some new benchmarks of the organizational culture related to creativity, communication, life-long learning and improvement appear.



Picture 1 Knowledge-based management

The managerial act would require new competences, methods and instruments of application of the concept of *intelligent organization*, with immediate effects on the increase of its capacity to create, attract and efficiently use new knowledge, thus becoming

more competitive. In this sort of organization the employees' involvement is mobilized, by encouraging them to bring innovative ideas and proposals meant to help solve the complex organizational issues, and to adopt decisions in relation to which they have competence (Stefanescu, C., 2009). At the scale of the entire team, the knowledge capital is considered to be the main resource, decisive for the competitive development. The employees are appreciated and rewarded for their performances in innovative, creative activities, for competences related to the production and valorization of new knowledge. The application of knowledge-based management is conditioned by the stimulation of these organizational values and the increase of the sense of professional responsibility in the entire collective.

The managers of competitive companies are largely aware of the role and value of knowledge in the market competition, being permanently preoccupied with the creation, attraction and valorization of advanced technologies and knowledge within the organization. They must have the capacity to have the organization adapt to the demands of the modern economy by developing new and very complex managerial methods and techniques, by creating some networks of on-going improvement and enrichment of the body of highly specialized knowledge.

A priority issue of the knowledge-based management is that of the way in which knowledge is employed. This activity can be carried out by means of specific analyses of the distinct working stages that would indicate whether new knowledge has been used and generated, but also by using specialized software. Another thorny issue for business management is the way in which knowledge is disseminated and transferred. Most of the times, knowledge transfer is difficult and syncopated. Managers have to pay better attention to the manner in which knowledge is disseminated, by stimulating and motivating the exchange and transfer of information within the organization.

In essence, the benefits of knowledge management for the modern organizations are preponderantly reflected in:

- Increase of productivity;
- Solving the complex issues;
- Increase of quality and promptness of decisions;
- Life-long training and improvement by means of advanced communication technologies;
- Competitive advantage;
- Building careers based on the accumulation of knowledge.

Knowledge-based management supposes life-long learning and training, and that is possible only in a *learning organization*. This sort of organization knows changing processes with immediate effects upon the increase of its capacity to effectively create, attract and use new knowledge, the management acting towards the development of the employees' cognitive capacity by valorizing their experience and capacities. The continuous accumulation of knowledge through the process of life-long learning is a defining feature of intelligent organizations. At present, more and more organizations understand that the on-going training of their employees and the investment in knowledge is the key to their being competitive.

3. Conclusions

So characteristic of the modern society, intelligent organizations are structuring new responsibilities related to the creation, management and dissemination of knowledge. In an environment as competitive as the current one, the organizational actors' concentrating on the generation of knowledge and the valorization of it for the purpose of optimizing the organizational goals is the only way in which organizations can survive and progress.

Great corporations have understood the demands of the information society and they invest substantially in the generation of knowledge at an organizational level, in processes of innovation of the products and services. These companies stimulate and motivate the creation of new knowledge, by basing their long-term strategies on the exploitation of knowledge and the use of it in the product innovation processes. In the attempt to get the competitive advantage, the knowledge-based management has a key position in adopting some correct and well-documented business decisions. Those are successful companies which can manage, generate, acquire and use information the best.

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