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# KNOWLEDGE MANAGEMENT AS A TOOL FOR MANAGING NEW COMPANY

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## 1. MANAGING A NEW COMPANY

New trend that is expected to solve some insecurities that continuously brings constantly changed environment is economy based on a science management. It is a challenge both for individual states and enterprises. In the matter of the fact, question is in transformation into new corporation, which as Peter Drucker says, will be corporation of science and knowledge and science experts will be new capitalists.<sup>1</sup>

Theory of science management is relatively new conception within the frame of economical sciences. Many aspects creating this conception have their beginnings in eighties of the last century, but comprehensive theory of science management arose considerably a short time ago, about 10 years ago. The main economical subjects that contributed considerably to wide spreading of the concepts united with science management, were advisory and consulting firms. These firms were the first that begun to exercise knowledge management and their methods begun to applied in other organizations. Those firms also played significant role in motivation of research workers and in forming of the need of new researches in given sphere.

The first scientist who was cognizant of significance of science for economy was above mentioned Peter Drucker. He introduced such terminology as “work with science” and “worker of science”. Drucker also supposed that we are living in time of “society of science” and where science and workers of science are the source of the higher order, whilst conventional resources as capital, land labour are losing their privileged position.<sup>2</sup>

We can comprehend the knowledge management as:

- complex of processes making production possible, introducing into practice and utilization of science for realization the goals of the organization. Practically it is process of producing and transfer of science.<sup>3</sup>
- complex of specific activities and initiatives, that firms introduce with a view to increase the amount of organizational knowledge and abilities<sup>4</sup>
- complex of repetitive science processes, i.e. ability to adapt themselves and

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<sup>1</sup> The Economist, November 3, 2001.

<sup>2</sup> DRUCKER, Peter F. *Spoleczeństwo pokapitalistyczne*. 1. wyd. Warszawa : PWN, 1999. 180 s. ISBN 83-01-12799-6., s.13.

<sup>3</sup> Computerworld Polska, 1999, no. 23.

<sup>4</sup> DAVENPORT, Thomas H., PRUSAK, Laurence. *Working Knowledge : How Organizations Manage What They Know*. 1st edition. Boston : Harvard Business School, 1997. 199 s. ISBN 0875846556.

coming into the limelight <sup>5</sup>,

- learning even from the customers, accepting science and knowledge from other organisations and persons, organizing and transfer of science already accumulated within the company. <sup>6</sup>

Basic elements of knowledge management are science, information and data. We transpose data into information, that in connection with experience creates knowledge, and managing based on this knowledge is an important part of integrated managing systems.

Utilization of science on management has its place as an element forming creative labour. Science (knowledge) management becomes the basis for creative thinking that rises the organization on a higher function degree. And creative thinking requires on many occasions “destruction and changing the structure of our hitherto knowledge with the aim to obtain new point of view on the heart of the matter.”<sup>7</sup>

## 2. THE TASKS OF MANAGERS IN THE FUTURE

In the course of the last fifty years requirements for proficiency, knowledge, productivity, responsibility and others required characteristics of managers were minimally doubled. Today from young graduates such today knowledge is expected, that only small group of scholars could be proud of in the twenties. In case, this tendency will continue, what demands will be put on the managers in the future? The tasks of the managers in the future can be put into these points:

- Managing must be realized by means of goals.
- They must be able to risk more, namely be ahead of schedule. Even the representatives of lower degrees of management must be able to make decisions based on risk. Manager will have to carry out calculation of possible risks, decide for the most optimal variant and exactly delimit his expectation.
- His decisions must be of strategic nature.
- He must be able to create a team, where each member will be able to evaluate his output from the view of corporate goals. Education of managers who will fit the bill of the future is a significant task.
- He must be able to hand over information quickly, exactly and comprehensibly.
- He must have ability of motivation.

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<sup>5</sup> NONAKA, Ikujiro, HIROTAKA, Takeuchi. *The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation*. 2nd edition. New York : Oxford University Press, 1995. 284 s. ISBN 0195092694.

<sup>6</sup>KAO, John. *Jamming: the Art and Discipline of Business Creativity*. 1st edition. New York : Harpercollins, 1996. 204 s. ISBN 0887307469.

<sup>7</sup> BELL, Daniel. *The cultural contradictions of capitalism*. 2nd edition. New York : Basic Books, 1978. 301 s. ISBN 0465097278.

- Manager cannot be oriented only in one or two functions. Manager of the future must consider enterprising as a whole and must be in integrative connection with the whole.
- He will have to learn to perceive economical, political and social phenomena not only from the market view, where his company deals, but to perceive also global trends and make his decisions with taking account of them.<sup>8</sup>

In order that these goals could be met, they must be simplified. To meet these goals, any special people with extraordinary talents will not be to disposal. They will be people equally liable to tiredness, various weaknesses and with various limitations. We owe for development and abilities that humankind gained only to simplification of complicated things, that they are comprehended as a system. Both in large and small enterprise, the managers will have to master management practices.

### 3. KNOWLEDGE MANAGEMENT AS A PART OF QUALITY SUPPORT

Quality improvement is a process that interferes into all spheres of activity of an organization. Compiled, established and checked up quality system, which has chance to be successful on the market is based on searching for systems and tools for continuous improvement of the company. Such tools as quality management, knowledge, information, technology etc. belong here.

Quality improvement refers to economical, market and operative efficiency and productivity of the company. Practice proves the existence of strong relations between quality improvement and financial result. From the view of optimization of quality improvement processes, relations between quality management, TQM and reengineering make important problem. Questions concerning the spheres, speed and methods of quality improvement in the organization are important here. Companies look for methods and tools which enable them to be competitive. Among the factors that have influence on competition in Europe belong: schooling – 30%, innovation – 27%, knowledge of managers – 24%, benchmarking – 9%, reengineering – 4%, certifications -3%. Therefore schooling and knowledge of managers carry out the most important role in the organization. According to the same source the lack of abilities of company management, low interest of middle management, unfamiliarity with methods and management technology, clients' demands and lack of financial background prove to be barriers for competition.<sup>9</sup>

In the process of quality improvement important role falls on the employees, who are the most precious source of every organization and they just must be aware of necessity of continuous quality improvement that has influence on the whole company. Need for improvement should issue from the man himself, motivation must issue from his heart and man himself should have desire to utilize the most hidden wealth of his intellect.

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<sup>8</sup> DRUCKER, Peter F. *Praktyka zarządzania*. Tomasz Basiuk, Zygmunt Broniarek, Janusz Gołębiowski. 2. wyd. Kraków : Akademia ekonomiczna, 1998. 431 s. ISBN 101-090590-000 ., s. 397-399

<sup>9</sup> European Quality convention, EOQ Plenary Session, The Roots of Quality, Paris 1998.

For the efficient realization of the process of quality improvement, there are indispensably necessary: knowledge that we can mark as a sorted picture of spiritual condition of a man, standpoint to the creative work, setting up new solutions and processes. Beside that it is necessary to realize that if we really want to take an interest in the concrete problem, it is always important to take into account: place, time and reflections. It is important to encourage continuously the thinking.

Person who owns such appropriate knowledge, has also chance to be responsible. Therefore it is essential to find in the people what they know, in what they are skilled.<sup>10</sup> It means that knowledge and science must be inseparably connected with responsibility. If it is not like that, science and knowledge become arrogant. P. Drucker warns on necessity for transformation of worker's knowledge into his responsibility towards the company and also on his responsibility in work and function<sup>11</sup>. Already Diogenes said once that: Knowledge is prudence for the young, consolation for the elders, wealth for the poor, adornment for the rich.

#### **4. LEARNING ORGANIZATIONS AND QUALITY OF PEOPLE**

Schooling in organizations means that we establish so called group of scientific workers, who will be permanently educated, they will acquire knowledge and new abilities, they will reach high productivity and form people able to generate innovations and at the same time people who will quickly master qualifications that allow them quickly adapt to conditions, so that they rigorously and professionally establish new ideas. These are features the employees of the 21<sup>st</sup> century should be marked with. The employees will have to be devoted to their company, inspire confidence with chiefs and clients, they should be accepted by their colleagues and workmates. As the roots of their abilities should be lasting development of personality and professional career as well as abilities needed for smooth relations: chief - employee, employee - chief. This restructuring will demand lasting improvement of mutual relations, so that favourable ability of company management could be reached.

All well known large groups of companies, that influence global economy, were launched by persons with outstanding personality characters. Excellent organizations accept managers – leaders only with below given characteristics:

- ability to mobilize people to activity,
- ability to generate values,
- ability to comply with function of “social architect” (ability to create understanding, mutual respect, culture of the company and ethical bases).

Such social architect acts with the help of values and ethical evaluations, that influence not only a judgement, but also emotive sphere of individual person. These characteristics are also considerably reflected in his professional deciding.

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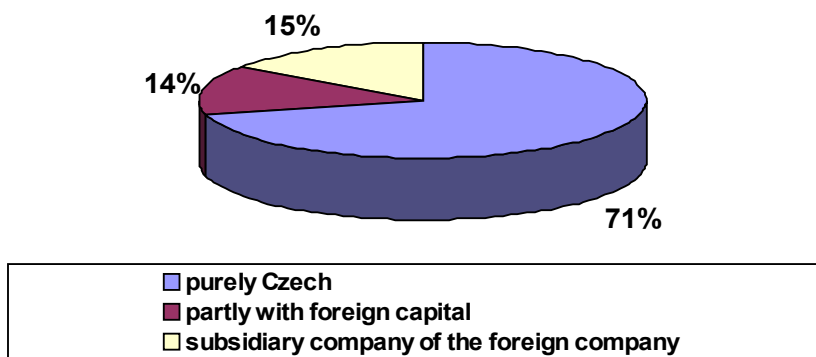
<sup>10</sup> SKRZYPEK, E.: Zarządzanie wiedzą jako narzędzie doskonalenia jakości, Problemy jakości 1999, č. 8, s.40.

<sup>11</sup> DRUCKER, P.: *Zarządzanie w czasach burzliwych*, Kraków: Biblioteka Nowoczesności, AE Kraków, Czytelnik, , 1995, s. 191 – 192.

## 5. STANDPOINT OF COMPANIES TOWARDS SCHOOLING AND KNOWLEDGE MANAGEMENT

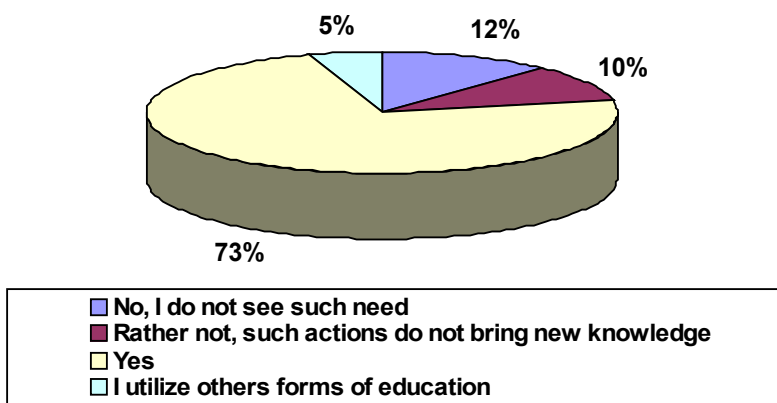
Within the frame of research that was executed together with the students of Commercially Entrepreneurial Faculty of Silesian University in Karvina, 300 managers of companies dealing at the territory of the Czech Republic were addressed. The research was realized in the course of the year 2005. Questionnaire was targeted on quality support, cooperation with surroundings and reactions on global and integration changes. Among the addressed companies there were 43% production ones, 39% service ones, 13% trade ones and 5% mixed ones. Because of objectivity assurance, most addressed companies were small ones (54%), further 18% middle ones and 28% large companies. One of the goals was also screening how differently purely Czech companies and companies with foreign capital participation approach the explored problems. That is why character of the addressed company was explored. The following chart shows division according to this view.

Graph No.1. Character of the firm



To the question “whether they participate in educative actions because of raising their qualification and gain new knowledge” answers were collected, that cannot be a cause for satisfaction. Up to 12% questioned managers do not see necessity of additional education.

Graph No. 2. Participation in schooling actions



If we add yet 10% of those who have provisos toward schooling actions, whether reasonable or not, almost quarter of all companies are managed by people who do not assert the foundations of knowledge management. 37% questioned ones utilize schooling seminars and conferences only in case of legislation changes.

The exercised research showed considerable differences among purely Czech companies with considerably many ones that do not yet realize the significance of knowledge for the manager of the future. The best situation was marked in companies that are subsidiaries of foreign firms. Managers of those firms regularly participate in educative actions, on an average once a month, some even more. Even though participation in further schooling is only one component of knowledge management and learning organization, yet it gives evidence on orientation of given firm.

## 6. CONCLUSION

In condition of stimulating competition, knowledge must lead up to improvement of comprehensively understood quality, which refers to products, information, processes and life. We have been living in time, when mainly man and his notions decide about success in life and entrepreneurship. Just those dynamical and creative people and their notions change such considerably our surroundings during last years. Of course, their successes should not be possible, if they should not know their significance and value of information and knowledge.<sup>12</sup> Managers, who did not yet appreciate the significance of lasting changes and demands they bring, will be a break in development and reason for stagnation in the Czech companies. Nowadays, every enterprise, which wants to be able to compete must solve two basic objectives. The first one is to acquire exact information and the most up-to-date knowledge and to dispose of

<sup>12</sup> SKRZYPEK, E.: Efektywne zarządzanie wiedzą, [w:] Materiały konferencji naukowej nt. „Jakość w edukacji w nowej strukturze administracyjnej kraju“, ITE, Radom 1999, s. 148-158.

it. The second objective is based on the fact that enterprise is able to use this information and knowledge for establishment of competitive domination and assurance of its position on domestic and global markets.

### Summary

Novým trendem, který má pomoci vyřešit některé nejistoty, které přináší trvale měnící se prostředí je budování hospodářství založeného na vědním managementu. Je to výzva jak pro jednotlivé státy, tak i pro podniky. Výsledky výzkumu provedeného v českých podnicích ukazují, že mnoho manažerů si neuvědomuje tento požadavek doby, nedoceňují přínos vědního managementu a proto mohou být brzdou dalšího úspěšného rozvoje českých podniků.

The new trend, which should help solve some uncertainties which are caused by permanently changed environment, is founded on building of economy that is based on the knowledge management. It is a challenge either for single countries and also for companies. Accomplishments of research performed in Czech enterprises show that many managers are not aware of this request of the era., they simply do not appreciate benefit of knowledge management that is why they might become „the brake“ of the next successful development of Czech enterprises.

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