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Parpandel, Denisa Elena and Codreanu, Diana

Faculty of Management Marketing in Economic Business, Rm. Vâlcea „Constantin Brîncoveanu” University, Pitești, Romania

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# **Knowledge-based organizations – the intelligent players of informational society**

*Teaching Assistant drd. Parpandel Denisa, Assistant drd. Codreanu Diana  
Faculty of Management Marketing in Economic Business, Rm. Vâlcea  
„Constantin Brîncoveanu” University, Pitești, Romania*

## ***Abstract***

*Information, the third manifestation form of Fundamental Existence, has become the most valuable treasure of mankind. The Japanese once said that the happy masters of information in early 21st century are going to be the masters of the world, too. The sign of power is not going to be rendered by man-controlled energies, no matter their power or their effects, gold and other material values under any form, but information.*

*The informational society that mankind irreversibly belongs to is defined as a society of knowledge and of organizations at the same time (Drucker, 1992).*

*Organizations' adaptability to future economy's requirements depends on the development of a new management type focused on the values of knowledge and scientific creation. Thus, knowledge-based organizations are the collective intelligent players of informational society and play a major role in its becoming a knowledge society, a part of modern reality.*

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JEL classification: D8, D83.***

The experience and evolution of human society as well as its spiritual reflection by interweaving various social sciences, and not only, emphasize a tight interaction between the management, naturally human processes and the meaning performances that enhance the speed at which one knows and understands the causes that define one's common progress.

In the philosophy of new economy that should equally incorporate all stakeholders, man, society, environment and organization, knowing the naturally human life is becoming a stronger and more generalizing concern. [D.J. Hickson].

Mankind is engaged in a historical process of transition to a new society and a new economic system. Widely-spread and strong ignorance will be able to find its proper answer by a sustainable creative effort that is adequately focused. Only general progress in human knowledge will be able to open new horizons to people with a view to creating another society type and another economic system which is

more efficient and even. The historical process comprises radical changes in economic science substance and will continue to do so, having a rapid influence upon economy specialists as well as upon people's way of thinking.

While contributing in defining the economy type that is being built in the advanced world, the former is trying to formulate the ways, directions and institutions that might contribute in a new economic system in our country as well, characterized and supported by: modernization, performance, competition, evenness, freedom to act and last but not least knowledge.

Being manifested as a social activity organized in specialized institutions, man's training is becoming, along with the other social production types, a distinct sector of human society's economy that uses limited resources in order to control the fundamental parameters of human development both at individual and social, community level.

If one takes into account the fact that human goals mean life durability in the quest of one's own identity, the so-called "revolutionary" steps taken by organizations while manifesting sense and countersense performances have taken place gradually, by creative destruction deeds in the management system combined with the factors of goods and services production as a result of respiritualization processes that occur within intellectual productivity cycles.

The new society is characterized by major changes in the development of all activities in it, changes that are to comprise both existent and new activities required by the newly-forming process, because nowadays there is such a great value distortion, with knowledge as the most important production factor, representing the bases of power exertion, generating productivity growth and ensuring business competitiveness.

One can be sure that the world ensuing from the current rearrangement of values, beliefs, economic and social structures, political concepts and systems, in short of world conceptions is going to be different from the one that anyone might imagine today. Basic changes have already occurred in certain fields, and especially within society and its structure. The fact that the new society is due to be non-socialist and post-capitalist is a reality. And also real is that knowledge is due to be its primary resource, as P. Drucker stated.

Knowledge revolution refers to the fundamental transition from predominantly physical resource-based economy to knowledge-based economy. At the core of that revolution lies the importance of knowledge in modern economy. Over the last decades, the importance of economic growth has been increasingly noticed and taken into account in technology, information, economic processes, human capital, organizational competences – factors that are organically related to knowledge. The common factor is knowledge as it actually means the ways to individualize and operationalize the above-mentioned issues.

Therefore, richness and power in the 21st century are going to primordially result from intangible intellectual resources and knowledge capital and they suppose the passage to knowledge-based economy, as it is considered a very vast and profound process, generating changes in all economic activity components of similar

intensity with those generated by the industrial revolution, as Ovidiu Nicolescu used to say.

Having been signaled for a long time, the informational era is gradually replacing the industrial one and traditional society is being transformed into informational society.

Informational and knowledge society is also based on another resource that has become a priority: *information*. It does not mean that there is no information or knowledge in industrial society, but the technological boom over the last years has made information a strategic resource. The speed at which knowledge is renewed and its major increase have made it a major constituent of modern economy and a basic organizational principle in the new society. Knowledge has become the most important production factor in modern economy. It represents the bases of power exertion, generates productivity growth and ensures business competitiveness. Since an economy can be defined by the type of activities that include most of its workers, one can currently speak about an informational economy as well as one used to speak about industrial economy (when production and processing used to be dominant activities) or agricultural economy.

Informational society is also a way of life of current human community where most people generate, process, use and send information. Sociological studies show that an important share of the labour force is nowadays employed in information production, selection, processing and distribution (books, magazines, radio, TV, CD's, Internet etc.). At the same time, the category generically called "information intermediaries" reaches 2% of the active population (a fourteenfold increase since the end of the Second World War) and the share of those who deal with information as a production means reaches 40% of the active people. For example, over 45% of the active people in the USA work in the information field. The evolution has ample economic and social consequences, as a large share of the labour force moves from the secondary (industrial) sector to the tertiary (services) sector and to the quaternary (information) sector in developed countries.

In a society that depends on information and the numeric increase of organizations (as a way to express improved communication and complex social relationships), knowledge seems to be the only power that guarantees social, economic and democratic progress that does not fade in time. The orientation to knowledge capture and acquisition is to many organization the confirmation of certain functional maturity in accordance with the essence of the informational society it is connected to.

Knowledge in the organizational environment comes from the information transformed by those who hold it into efficient action ability, by integrating learning and understanding, followed by operationalization in certain contexts [9].

**Knowledge** is generally defined as *the power to understand and get the essence of deeds, to value certainties and information* obtained as experiences or learning. Three processes are important in the functioning of such an organization, namely *innovation* (creation of new knowledge), *learning* (acquiring new knowledge) and *partner interactivity* regarding knowledge. [3]

Being in a complex, uncertain and strongly competitive environment, an organization rests competitive only if it has developed its own collective intelligence and has proper knowledge management for that. Under these circumstances, organizations have to redefine their own cultures by organizational reprojection processes and strategy changes.

The concept of knowledge-based organization dates back in 1984-1988 and since then it has got successive clearance stages starting from certain traits: systems and processes primordially based on intangible assets; logic based on organizational competences as performance sources; construction based on changes conception and leadership; transforming intervention based on active projects and behaviours [11].

Thus, Huber clearly emphasized matters related to the nature and projection of "post-industrial" organizations, sensing the need of an organizational model according to the new type of society subsequent to the industrial one. [7].

A few years later, the idea of knowledge-based society was found within two approaches that explain its determinism either starting from technological or organizational factors, either approach also suggesting specific operationalization solutions.

From the perspective of informatics technology representatives, Holsapple and Whinston define a knowledge-based organization as "a group of workers that deal with conception and are interconnected by a computerized infrastructure"; the authors reckon that such an organization with local work sites, support centers, knowledge communication and collection channels requires a clear process of projection and accomplishment, having an advanced informatics level, with artificial intelligence applications [6].

From the perspective of the other approach, the managerial one, Drucker sees an information-based company as the organizational model of the 21st century and foretells its main features: professional staff, small number of intermediate hierarchical management, coordination by non-authority means (standards, norms, cooperation rules etc). [2].

Views regarding a knowledge-based organization have varied over the years, as parallel notions have been used, such as "memory-focused organization" (Le Moigne,), "intensive intellectual company" (Nurmi,), "intelligent organization" (Hendriks,).

The last decade of the 20th century witnessed the convergence between technological and managerial perspectives, by coupling organizations' needs to the facilities provided by informatics assistance solutions. [13]. The first significant results occurred after 1995 in the creation and functioning of knowledge-based organizations.

A knowledge-based organization can induce a new entrepreneurial spirit inside it and can motivate high-level managers to be concerned with organization's transformation, so that it becomes able to capture, apply and develop values as a result of implementing performant technologies. Advanced knowledge can significantly change a nation's economy.

The transition to knowledge-based economy, to knowledge-based organizations' set up and functioning cannot be done without knowledge-based management.

Knowledge management can be defined as a strategically oriented process to motivate and facilitate organizational members' involvement in the development and use of their knowledge abilities, by valuing information sources, experience and abilities of each. [15]. In this respect, one could say that Knowledge Management pursues ways to: improve decision making; reintegrate corporate experiences; increase innovations number; turn information into knowledge; obtain new knowledge.

Management keeps its reason of being, its organizational end meaning the high functionality and competitive performances to an organization.

Thus, knowledge-based management may be considered as an on-going process that does not end as long as an organization exists.

Knowledge basis is similar to the one of human and financial resources, namely it is never used totally within the management activity. One can appreciate that knowledge-based management is expensive, but its ignorance is even more so.

Society should invest in intellectual capital more and more as the latter is able to multiply in developing a domestic market based on knowledge, creating a genuine scientific research European area, improving social dialogue.

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