

GENERAL CONSIDERATIONS REGARDING THE IMPLEMENTATION OF KNOWLEDGE MANAGEMENT

MUSCALU Emanoil¹

"Lucian Blaga" University of Sibiu, Romania

Abstract

In a complex and ever-changing environment knowledge became the essential raw material of organization and management that ensures performance and excellence of the new type of organization. Thus, contemporary business is going through a process of adaptation to the trends of contemporary society, where the broadening of scientific knowledge and the new technological knowledge production through innovation, predominate. In this context, this research topic is based on an extensive study of applied and fundamental research works in order to reflect the need and opportunity of implementing knowledge management

Keywords: *innovation, knowledge, performance, knowledge-based management*

JEL classification: *D83*

1. Introduction

In contemporary society, the rapid pace of technology development requires the implementation of a new kind of knowledge-centered management especially for companies where activities require a high flow of information. In other words the operationalization of knowledge management has a key role both in the production of goods and services and to maintain competitive advantage.

¹ *Professor, Ph.D., Faculty of Economic Sciences/Management, Marketing and Business Administration Department, emanoil.muscalu@ulbsibiu.ro*

Therefore, as the specialist Richard Farmer said, importing management knowledge can be more productive than the technology knowledge, because learning the latest management knowledge provides an adequate framework both for inventiveness and creativity of staff, as well as proper conduct of activities related to scientific research and technological development (Pricop and Tanțau, 2001).

Thus, contemporary management consists in the "assimilation of leading science and technology knowledge and its change into competitive advantage due to its usage" (Bogdan, 2006).

In these circumstances, we can say that managers need to identify the best practices to use the flow of knowledge provided by stakeholders of the organizations in order to adapt quickly to the competitive environment.

2. Main approaches of knowledge-based management worldwide

Knowledge based management is a relatively recent phenomenon that went through three essential stages (Koenig and Srikantiah, 2004):

- Stage 1, of the Internet and intellectual capital, which focuses on information technology, intellectual capital and Internet. The key word refers to best practice subsequently replaced by learned lessons;
- Stage 2, of the human and cultural dimensions, which has taken into account the communities of practice, organizational culture, organizational learning and tacit knowledge. The key word is the community of practice;
- Stage 3, of the content and knowledge retrieval, where the focus is on structuring the content databases, knowledge and achievement indexes of terms. The key words are content management and taxonomies.

A brief assessment of the international specialized literature leads to the identification of several approaches in terms of knowledge-based management, the most relevant are presented in the following paragraphs.

In his paper "Innovation and Knowledge Management, The Long View", Michael Lester describes knowledge-based management as "*a key-process through which superior economic performance is achieved for the*

population concerned, in companies, industries and ultimately countries, by making full use of potential earnings from changes generated by digital technologies and the Internet" (Lester, 2001).

According to Abell and Oxbrow, knowledge-based management is "*a discipline that promotes an integrated approach of the creation, capture, organization and use of the intellectual capital of the company, regarding customers, markets, products, services and internal processes*" and "*an economic practice that consists in the acquisition, sharing and use of knowledge in organizations, including learning processes and information systems*" (Abell and Oxbrow, 2002).

Another specialist in the field, Mon Kim, describes knowledge management as "the middle to improve business performance by deploying knowledge in production, marketing, research and development, personnel, planning and innovation". In the vision of the same specialist, knowledge management is "managing knowledge assets within the organization in order to gain its competitive capacity through leader product, operational excellence and strong relationships with customers" (Kim, 2003).

At the same time, according to Thomas Stewart, there are four imperatives, proper to knowledge – based management (Stewart, 1998):

- knowledge are the most important raw material;
- knowledge are the most powerful source of added value;
- knowledge are the most important product;
- if you do not pay attention to knowledge management, it means you do not pay attention to your business.

The list of approaches to knowledge management concept could continue because each author has tried to contribute to its definition by offering his vision, but synthesizing these definitions aim was to highlight the magnitude that contemporary management has taken.

3. The implementation of knowledge management - a new challenge for the current economic environment

Worldwide, knowledge management has gained more and more followers, the literature comprising numerous studies on operationalization need for knowledge management, one of them being the one on this necessity in the market vision. Thus, the following table presents the main factors that reveals necessity and feasibility of knowledge management (see table 1):

Table 1: The factors that stimulates knowledge management

| Consecutive no. | The necessity factors of knowledge management | The possibility factors of knowledge management |
|------------------------|---|---|
| 1. | The exponential growth of production, transmission and use of information and knowledge | Doubling the processing capacity of computers every 18 months (Moore's Law) |
| 2. | Amplification of content knowledge in processes, products, services and markets | Increased cost of computer networks with the size of the network, while the network value is amplified exponentially (Metcalfe's law) |
| 3. | Enhancing employees' knowledge-based prevalence, intensive knowledge based industries and knowledge-based economy in the contemporary economy | Doubling the amount of data hold by big companies every 12 months (IBM's estimate) |
| 4. | The rapid growth of information overload | Increasing the daily number of web pages on the Internet with one billion and the number of pages added to the 3,000,000 (US Department of Commerce estimate) |
| 5. | Strong acceleration of obsolescence of data, information and | Amplification of the ranges for the electronic transmission of information, which allows increasing the number of activities and economic environments using multimedia means |
| 6. | Intensifying demand for easier and faster access to relevant structures of data, information and knowledge | Increasing software systems and tools |

Source: Oprean, C.; Țițu, M. (2004) *Quality management in the economy and knowledge-based organization*, Ed. AGIR, Bucharest, 2008, p.40

Thus, in a well-researched study Moon Kim, notes that the implementation of knowledge-based management involves the following phases (Nicolescu, 2011):

- establish the necessary knowledge for the organization through brainstorming sessions, developing scenarios, interviewing customers, suppliers etc.;
- determining the actual knowledge that the firm has to achieve global objectives;
- distinguishing between the necessary knowledge and the knowledge that the company actually has;
- the amplification and the development of knowledge organization through education, training, studies on the extent and manner of customer satisfaction etc.;
- acquisition of knowledge by buying patents, licenses, market research and and hiring specialists;
- formalizing knowledge acquired or developed in the company through codification making them available to every employee in the organization;
- knowledge sharing within the organization by disseminating studies and other documents that incorporate knowledge, rotating positions, organizing meetings focused on presenting knowledge.

Looking at this context, effective operationalization of contemporary management requires that the organization's stakeholders take into account the following “eight lessons” on the collection, dissemination and management of knowledge (Soo, *et.al.*, 2002):

- *formal databases of the organization should be treated primarily as tools with strategic impact, and not as a means for storing knowledge;*

- *the management of formal database systems does not mean in itself the knowledge-based management;*
- *informal networking is an important source of knowledge, but its overdoing can cause negative effects;*
- *the informal networking should not take place at random, it must be done by a "partially structured manner";*
- *senior managers might not know the true state of the treatment systems of knowledge within the company;*
- *learning "old dogs" to do new tricks is not possible;*
- *knowledge, if not managed carefully, can turn into a "dark" force;*
- *creation of new knowledge is the main driving force in solving learning problems, but it is subject to appropriate support mechanisms.*

Thus, in the new economy, where the deepening of scientific knowledge, as well as the new technological knowledge production through innovation, predominate, the implementation of knowledge based management ensures the improvement of organization's ability to learn, to manage and develop the organization competence.

4. Conclusions

In the current economic context, knowledge-based management is seen as an object of the management science, capable to ensure high competitiveness, in the direction of increasing the volume of investments in intangible assets, of any organization.

The modern society provides technological support necessary for making informed decisions to ensure the efficient and effective management of the organizations.

Consequently, the stakeholders of the contemporary organization have to operationalize those management practices capable of capitalizing tangible and intangible resources efficiently in order to accommodate to the rapid pace of technological change, global competition and the emergence of knowledge-based economy.

In conclusion, managing risk and uncertainty specific for the economic context can be accomplished only through the implementation of

knowledge based management, able to provide models of behavior that support flexibility, diversity and dynamism.

5. References

- Abell, A.; Oxbrow, N. (2002), *Competing with Knowledge*, London. Library Association Publishing.
- Bogdan, I. (2006) *Methodological elements of scientific knowledge and exploitation of knowledge*, Academic Publishing House, Bucharest, p.57.
- Kim, M. (2003) *A Knowledge Management Model for SMEs in the Knowledge Based Economy*, în *** Entrepreneurship and Innovation in the Knowledge Base Economy Challenges and Strategies, APO, Tokio, p.18-19.
- Koenig M.; Srikantaiah, T.K. (2004) *Knowledge management lessons learned*, Asist, Information Today, Medford, pp. 3-8.
- Lester, M. (2001), Innovation and Knowledge Management, The Long View, *Journal of Creativity and Innovation Management*, no.3.
- Nicolescu, O.; Nicolescu, C. (2011) *Knowledge-based management and organization*, Pro Universitaria Publishing House, Bucharest.
- Oprean, C.; Țițu, M. (2004) *Quality management in the economy and knowledge-based organization*, Ed. AGIR, Bucharest, 2008, p.40.
- Pricop, M.; Tanțău, A. (2001) *Globalization and business strategy*, Agenția Eficient, Bucharest, p.12.
- Soo, Ch.; Devinney, T.; Midgey, M.; Deering, A. (2002) Knowledge Management: Philosophy, Process and Pitfalls, *Journal of California Management Review*, 4 (4).
- Stewart, Th. (1998) *Intellectual Capital: The Wealth of Organisations*, London, Nicholas Bready Publishing House.