

## MODERN APPROACHES IN THE MANAGEMENT AND KNOWLEDGE SOCIETY

Camelia ȘTEFĂNESCU, Senior Lecturer Ph.D.  
Faculty of Management, *Spiru Haret* University Brașov

### **Abstract**

*The study analyses the determining role that the knowledge-based management has in the modern society. In this context, an analysis is conducted with regard to the decisive role of knowledge in the foundation of the new management system. Finally, assessments are made with regard to the conception and practice of the knowledge-based management in the organizational environment.*

**Key-words:** *knowledge society, knowledge-based organization, knowledge management, intellectual capital*

**JEL Classification:** M12, M54

### **Introduction**

The knowledge-based society is defined by acquiring the top knowledge of science and technique and changing it into a competitive advantage, by means of its usage. It accomplishes the transfer from the physical resource-based economy to the knowledge-based economy, as a result of the scientific research. This knowledge is permanently renewed, at an astonishing speed, representing the main source of the economy. The crystallization of the knowledge society determines the outlining of new orientations in the evolution of the companies and imposes a proactive attitude aiming at the acquirement of the advanced knowledge and technologies, in order to ensure the company competitiveness within the global framework.

### **Specialist literature review**

The creation of a knowledge-based society and the development of the institution processes of the knowledge-based managerial practices in organizations are extremely complex actions.

According to Peter Drucker's (1999) opinion, the new society represents the greatest change in the modern world, its evolution being conditioned, to a large extent, by the scientific knowledge, regarded as the main source of power for individuals and society.

The new era, characterized as an increasingly complex and fast changing society, is an age of knowledge, where, once the scientific research focused, the role of strategic resource of the organization will go to knowledge, as a decisive source for its economical performance.

The knowledge society is the one where the information, regarded as a generic element of the reality representation and knowledge processes, means power in the most general sense. This genuine informational revolution led to the extension of the knowledge frontiers, decisively marking the evolution of all the global system components, making the creation, usage and superior valuing of the knowledge become the key stone of the society.

Among *the characteristics* of the knowledge-based society, we can mention:

- the unprecedented increase in the number of employees having a specific higher and medium education, also of the general level of the population's general culture;

- the explosion of the scientific and specialized publications number, of the general interest publications and the exponential multiplication of the information dissemination sources;

- the practically unrestricted access of the whole population to mass-media, which represents the most important information vehicle;

- the expansion of the companies which offer intellectual and professional services-research-development, projection, technical, technological, marketing, managerial, legal, economical, and environmental consulting;

- the generalization of the concept and practice of long life learning;

- the significant enrichment of the theoretical knowledge framework referring to the organization and its management;

- the supremacy of the intellectual capital in the evolution of the organizations. In the knowledge society, where knowledge is applied to knowledge, the intellectual capital holds a primordial role in the development of the modern companies, as a main source of the competitive advantage of the company and strategic resource of its management (Rusu, C., 1999).

The knowledge society, where the prestige and the financial capital will go to those companies which value the ideas at the maximum, is focused on the production of knowledge values, which constitute the essence of the political, social and economic necessities of the society reaching this superior level of development.

### **Theoretical background**

The knowledge society provides company management, through its new functions, knowledge access, use and development opportunities. Knowledge-based management can be regarded as an approach that engages specific strategic actions, oriented towards the motivation of the organization in the direction of the accumulation and valorisation of new knowledge through the stimulation of sustained learning. It is characterized by:

- the improvement of the managerial competences and processes;

- the decentralization of decisions;

- the organic connection of knowledge with the working processes and of the working processes with knowledge;

– the growing importance of the externalization of the specialized activities explicitly and of the internalization of the highly specialized activities.

Knowledge-based management is a collection of learning processes associated with the exploration, exploitation, sharing and dissemination of human knowledge effectively using the most appropriate technology, influenced by cultural environment that increases the capital to develop an organization and facilitate performance. Michael Lester defines knowledge management as “a key process whereby at the level of companies, industries and countries superior economic performance is obtained for the population involved, by fully developing the potential benefits of the changes brought about by digital technologies and internet” (Lester, M., 2001). Lester approaches knowledge management in relation with peak information technologies; he places a special focus on the innovation and its associated knowledge and he puts a special emphasis on all interested parties which may contribute to the development of knowledge, using the concept of stakeholders. With a pronounced economic dimension, Abell and Oxbrow (2002) emphasize that “knowledge management is a scientific discipline promoting an integrated approach of the creation, attraction, organization, access and use of the intellectual capital of the company, regarding the clients, markets, products, services and internal processes, while knowledge management seen as an economic practice consists in the acquisition, sharing and use of knowledge within organizations, including learning processes and information systems.” A manager who takes into account the informational aspects of the organization shall transform the experiences of the organization, as well as the experience, abilities, competencies and the tacit and implicit knowledge of the people surrounding him into a real challenge to offer high quality products and services. Neil Ferguson (1998) considers that “knowledge management consists in the processes and economic solutions implemented within an organization, with the aim of exploiting the knowledge obtained through experience and generated by the abilities of its workforce, as well as by external sources and in the strategic applications of the intellectual capital intended to improve the operational efficacy, the efficiency and profitability of the organization”. Ferguson emphasizes that information technology, economic processes and organizational culture are combined to create an environment in which knowledge (experience, abilities, and information) is identified, collected, spread and exploited. This approach puts emphasis on the economic content of the processes and solutions involved; links the knowledge and the intellectual capital; highlights the multidimensional nature of the processes involved. *As a science*, knowledge management “consists in the study of knowledge-based managerial processes and relations, in the discovery of the laws governing such processes and relations and in the design of new systems, methods, techniques, with the aim of enhancing the functionality and performances of organizations, making the best use of the great potential of knowledge. *As a practice*, knowledge management consists in the corporate approaches, methods and techniques focused on the generation and use knowledge, whereby a higher multi-faceted development of knowledge is ensured, as compared to the previous period” (Nicolescu, O., Nicolescu, L., 2005). The new conception of knowledge-based management makes it compulsory to rethink the organizational system of the company, the organization under all its aspects.

## **The knowledge-based organization**

The contemporary organization sees all its processes as knowledge processes. This new organizational model is capable of valorising the employees' creative potential, of conceiving and developing projects.

Specific to the contemporary society, the knowledge-based society structures new responsibilities regarding the creation, management and dissemination of the knowledge. Being defined as a "group of workers dealing with a conception work, interconnected through a computerized infrastructure" this new organizational model is able to develop and value the employees' creative potential, the knowledge being the basis of all the operations and production processes, strategies and business tactics (Holsapple, C.W., Whinston, A.B., 1987). The organization, as a whole, registers change processes with immediate effects in its raising capacity of efficient creation, attraction and usage of new knowledge, becoming more and more performant in this manner.

In a world marked by the spectacular evolution of the new information technologies, by sharp economical competition and by massive requests for more and more sophisticated products and services, the companies are dependent on the knowledge creation and management. The major challenge of the assimilation of the new trends at the level of the contemporary societies is given by the fact that all these changes take place under the circumstances of the permanently changing evolutive coordinates of the company – under the influence of a bigger and bigger number of endogenous and exogenous variables, more or less controllable and having effects of the most unexpected. The huge companies have understood the solicitations imposed by the informational society and substantially invest in the knowledge creation at the organizational level, in the processes of innovation of products and services. These companies stimulate and motivate the knowledge creation, relying its long-term strategies upon the knowledge exploitation and its usage in the processes of the product innovation (Ștefănescu, C., 2008).

Related to the specific of the non-hierarchical configuration of the knowledge-based organizations, the knowledge management activities are not submitted to a strict and rigid hierarchical control. In such an organization, the employees realize the importance of the knowledge creation, usage and transfer. They are encouraged to continuously learn and train, to create, to apply and develop their knowledge, by means of developing their innovation and conception competences. New clues of organizational culture based upon competitiveness, lifelong learning, and development of the partnerships regarding the creation and transfer of information and knowledge may also appear.

New roles and responsibilities are registered in the managerial behaviour, concerning the knowledge fund management and valuation, with immediate effects in the organization raising capacity of creating, attracting and efficiently using new knowledge, becoming more performant this way. The managerial act needs new competences, methods and instruments of operating the concept of knowledge-based organization. The administrative responsibilities give more and more place to the activities of conceptualizing, strategy creation, project management, change

management and promotion. For the whole team, the knowledge capital is considered as the main source, decisive for performant development. The employees are appreciated and rewarded for the performances obtained in innovative, creative activities, for competences related to the production and valuation of new knowledge. Within this framework, the knowledge gets the role of strategic resource and, next to the human factor, knowledge is integrated in *the intellectual capital* the organization holds and which is unanimously recognized as the main source of progress today.

In the knowledge society, the competitive companies will be the ones promoting the innovation, the advanced technologies, the own scientific research, in order to raise the quality of the products and services offered and the customers' satisfaction (Nicolescu, O., Plumb, I., Vasilescu, I., Verboncu, I., 2004). The features specific to the modern, knowledge-centred companies, have the following distinct characteristics:

- knowledge represents the essential factor of performance within the organization framework;
- the whole organization realizes the decisive role of knowledge;
- a special interest is given to attracting, using, valuing and protecting the advanced technologies and knowledge;
- promotion of the career management and, also, performance in management;
- using information as a strategic resource – source of competitive advantage at the competition level;
- developing the employees' creative capacity represents an outstanding feature of the organizational culture;
- the emergence of new responsibilities concerning the management and implementation of new knowledge and advanced technologies;
- raising of decision quality and promptness;
- lifelong education and training.

The creation of a knowledge-based society and the development of the processes of implementation of the knowledge-based practices at organizational level are extremely complex actions. The following activities should be promoted in order to achieve them:

- the creation of a framework which should stimulate the knowledge production and innovation (groups of creativity, centres of competence and dissemination of new knowledge);
- stimulation of the process of lifelong learning and training;
- the development of the competences connected to knowledge and its management;
- involvement in the effort of research-development and project development;
- the introduction of decision assisted-expert systems;
- the adoption of the best practices of knowledge management.

All these actions have to be sustained in the organizational framework, by the introduction of last generation technology, as well as managerial interventions based upon advanced knowledge. The organization, in its entirety, records processes of change with immediate effects upon the organizational culture, oriented towards competitiveness and the creation, attraction and efficient use of new knowledge. Thus, new benchmarks of the organizational culture emerge in connection with creativity, communication, life-long learning, innovation and improvement.

### **Conclusions**

The capacity of organizations to adapt to the requirements of the economy of the future depends on the development of a new type of management, a management centred on the values of scientific creation and knowledge. The knowledge society provides company management knowledge access, use and development opportunities. The organization, in its entirety, records processes of change with immediate effects upon the organizational culture, oriented towards competitiveness and the creation, attraction and efficient use of new knowledge. In such an organization the manager must develop and improve the employees' creative potential, and he must initiate specific strategic actions oriented towards motivating the organization to accumulate new knowledge by means of stimulating life-long learning. The company of the future must place a special focus on the continuation of managerial innovation which has become even more necessary considering that changes at all the levels of activity of the company promise to be more and more ample and frequent.

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