

KNOWLEDGE CYCLE AND STRATEGIC KNOWLEDGE WITHIN COMPANY

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Abstract:

In the knowledge-based economy, a company performs a set of activities focused on knowledge: identifying necessary knowledge, buying knowledge, learning, acquiring knowledge, creating knowledge, storing knowledge, sharing knowledge, using knowledge, protection of knowledge, capitalizing knowledge. As a result, a new function emerge: the knowledge function. In the knowledge-based companies, not every knowledge has the same impact. The analysis of the actual situations in the most developed and highly performing companies - based in knowledge, outlines the occurrence of a new category of knowledge – strategic knowledge. Generating this category of knowledge is a new category of challenge for the scientific system.

Keywords: strategic knowledge, strategic management

New fundamental configuration inside the company

Transition to the knowledge based company reflects in the new configuration process inside it. Among multiple approaches referring to this essential aspect [11], [14] – I chose the one stated by **Jan Watson**, the most elaborated one. According to him inside the company there are four activities taking place which focus on knowledge (figure no. 1) and consist of:

- Obtaining knowledge through learning, creating and/or identification;
- Knowledge analysis which consists of examination, validation and/or evaluation;
- Keeping knowledge which involve organization, representation and/or maintaining these;
- Using knowledge by putting into practice, transfer and/or sharing knowledge.

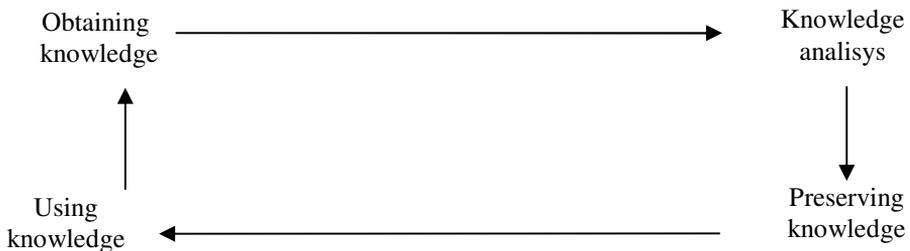


Figure 1. Cycle of activities regarding knowledge

Personally, we consider that given the importance and impact of work processes—focused on knowledge, a more analytical approach is required,

putting aside, given their nature, as *many as possible activities focused on knowledge*, which this way can be more

efficiently managed. Concretely, we delimited the following activities:

- *Identifying necessary knowledge* in order to accomplish organization's and its component's objectives. Identification has in its sphere of intervention both the inside of the company and the environment in which it operates. In order to identify necessary knowledge of employees, special inquiry actions inside company's areas where most likely sought knowledge is found at the best price-quality balance

- *Buying knowledge* is used when necessary knowledge has been identified in organizations and/or persons outside the company, from whom this knowledge can be obtained only by paying for it. In order for it to be successful, buying knowledge must be well prepared and its costs and necessary acquiring conditions are correlated with organization's necessities, possibilities and priorities. Main role in buying knowledge must be held by specialists in the field in which the knowledge will be used.

- *Learning, acquiring knowledge* by company's employees and sometimes by the organization itself. Simple identification and/or buying knowledge are not enough. These must be assimilated by specialists, usually through a learning process and, of course, used inside the firm. Learning or acquiring knowledge can take place formally, in the framework of specific actions having this purpose, or informally, through those specialists efforts and abilities. Most of the knowledge, but not the most important, is assimilated through informal ways.

- *Creating knowledge* is necessary when, in order to fulfill organization's objectives, existing knowledge aren't enough and/or buying it from outside the company is not possible and/or it costs too much. Creating knowledge is well spread among knowledge based enterprises due to their constant focus on permanent innovation and due to their specialist's capacity to generate

new elements. Creating knowledge inside the organization plays a decisive role in the company obtaining the advantage of competitiveness and sustainability.

- *Storing knowledge* both its own and the one attracted or bought are very important processes. These must be conceived in order to insure simultaneously easy access to knowledge for persons and entitled departments, storing cost reduction and knowledge protection.

- *Sharing knowledge* represents one of the most difficult and—often—complex work processes centered on knowledge. Capitalizing knowledge and even its value depends on access, acquiring, jointly debating it by persons and interested departments. Sharing knowledge is insured through formal approaches—notices about their existence, its transmission to potential users, organizing presentations and group debates focused on knowledge—as well as informal which rely on the existing organizational culture, power of some specialist and managers personal example, etc.

- *Using knowledge* is without doubt a key process which predominates often quantitatively among work processes centered on knowledge. In order for it to be effective and efficient, using knowledge is necessary to be done by entitled persons, when, where and how it must be done. It is always essential that using knowledge is subordinated to organizations strategic objectives. Using knowledge is often mixed with some of the work processes already mentioned—creating, learning, sharing etc.—stimulating each other.

- *Protection of knowledge* is an activity who's importance and dimension grows in the time with explicit knowledge proliferation, especially due to its capacity to de-multiply and by storing it in electronic documents, to which very competent intruders may have access sometimes in spite of organization's and its specialists efforts.

Protection of knowledge must be made in a way that it does not make difficult sharing and using it by other specialists because this way this knowledge becomes non-productive.

- *Capitalizing knowledge* can be done directly by selling it as it is, as well as through the products in which it is incorporated. Taking into account its fluidity and moral usage of knowledge, useful capitalization of knowledge requires high reaction speed, high marketing and specialized abilities. Capitalizing knowledge must insure the resources required for company's current activities and its development.

It must be noted that *presented activities, focused on knowledge develop inside the company in two ways:*

a) Be it self-contained, not mixing with company's current activities. It is the case of learning processes in the framework of training programs or creating knowledge inside design department;

b) Or be it, most often, integrated with other running activities inside the company—supply, production, sales, etc.

Both ways tend to amplify together with advancing towards knowledge based economy, as they both generate functionality and sustainability. The obvious constructive and just as well functional tendency crystallizes itself in a *new function*—named *knowledge function*—which compared to classic functions has the connections described in figure no.2.

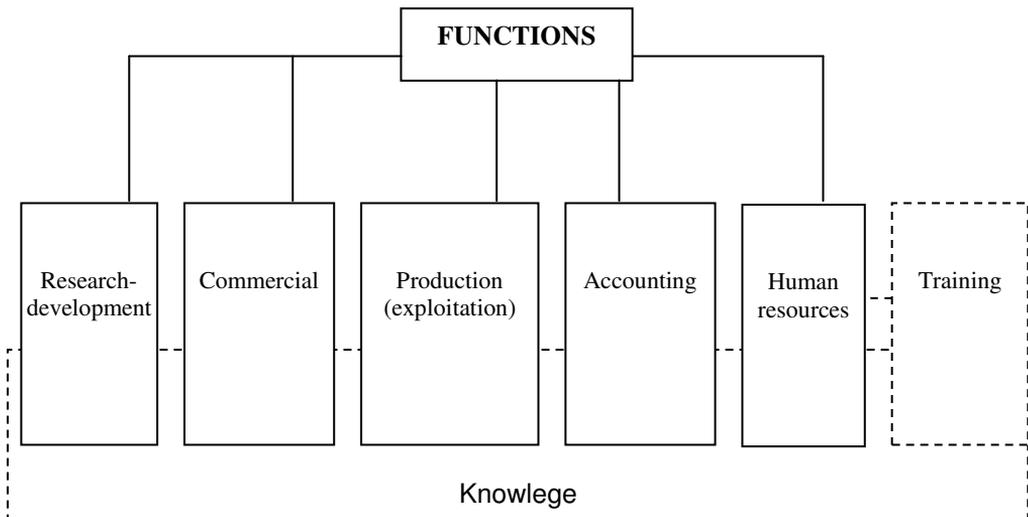


Figure 2. Connections between company's classical functions and the new activities and functions inside knowledge based enterprise

Specific processes making-up knowledge function require, of course, special treatment, aimed at capitalizing its big potential of economic, technical and financial creativity.

Knowledge treatment cycle inside the organization

In our opinion, *knowledge based management has to be founded on knowledge treatment cycle inside the*

organization. Surveys we conducted revealed that inside knowledge based enterprises specific processes took shape which work with knowledge, both explicit and silent, of the organization and its stakeholders. Figure no. 3 presents *main specific processes of treating knowledge and the way they mix* in our opinion. As it can be seen, processes are grouped in *five specific phases*, which are mostly the

counterpart of knowledge based management:

- *Evaluating available and accessible knowledge for the company* both internal—organizational and individual—and of external stakeholders and of potential partners;

- *Provisioning for knowledge necessity and sources*, starting, of course, from existing knowledge and from company's mission and strategic objectives; special attention is given to allocate resources for knowledge and establishing main ways to obtain it by the company;

- *Obtaining necessary knowledge by the company* from inside and outside; in the framework of this phase is included also generating new knowledge when existing knowledge inside the company aren't enough and it cannot be obtained from outside, it is too expensive or it is preferably to create it inside own organization because of the strategic function it has;

- *Managing, using and developing knowledge* is, most often, the majority of processes of treating knowledge inside the company. In this phase a complex of operations on knowledge takes place, most of them being repetitive, who generate products and services, very important, innovative and who develop existing knowledge. It must be noted the laborious character of these processes with multiple technical, human and economic sides;

- *Capitalizing knowledge* gives purpose to preceding phases, in this phase the company gathers economic results of prior intense work processes. Usually, this phase takes place on the market by selling knowledge, frequently, in the conditions of integrating the company in various networks. It must be noted the capitalizing knowledge can have partners even inside the company. Except this specific functions and phases, inside knowledge based enterprise management exerts a quasi-permanent function which goes along with the previous ones—*protecting*

company's knowledge. Taking into account that company's existence, activity and development depends on volume and quality of used knowledge, protecting it is of vital importance. Its achievement is particularly difficult because most of the knowledge isn't tangible some is individual belonging to employees or stakeholders. Therefore protecting knowledge involves much more than classical actions of protecting resources and products of a company. Effective protection of knowledge must integrate processes and activities not connected, at first glance with protecting knowledge, like training for employees development, creating and maintaining a favorable climate to individual development and innovation inside the organization, complex motivation of the employees which includes participation to sharing obtained profit or by association to company's ownership, initiating and realizing special actions to intensify external stakeholders participation to company's actions, attracting potential competition into production and commercialization networks controlled by the company, etc.

Learning-under both form-individual and organizational—represents almost permanent essential processes in the knowledge based company. Learning is present in all the five phases of the knowledge cycle, with a high strength in obtaining knowledge process phases and respectively using, managing and developing them. Management is involved in the managers own learning process and, in the same time and substantial, in the employees and stakeholders ones. The managers ability to learn continuously and intensively and to stimulate and determinate others stakeholders to do the same thing, subordinated to organization's objectives, conditions, at last, the quality and performances of all other processes inside the company (figure 3).

INDIVIDUAL LEARNING

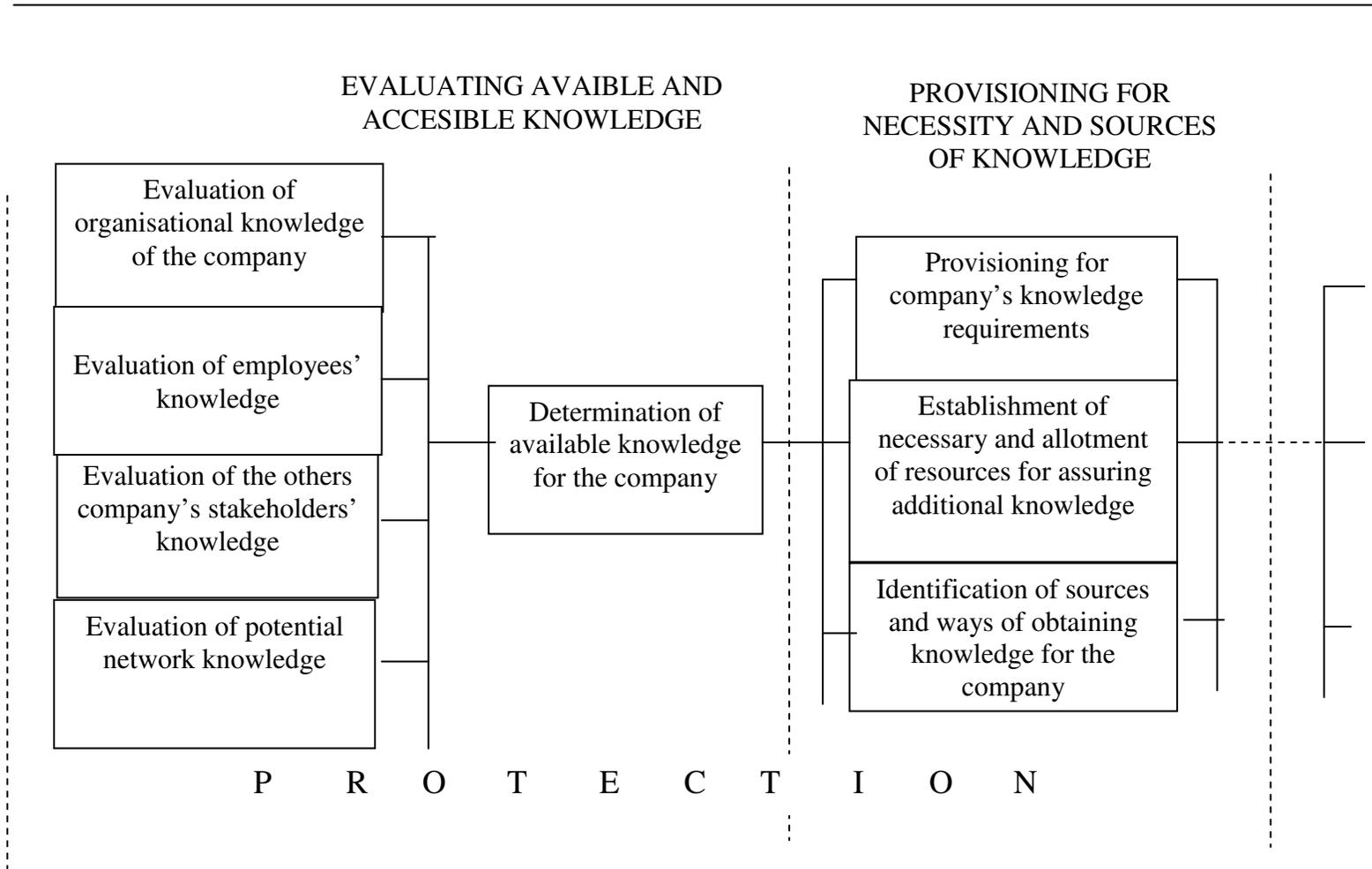
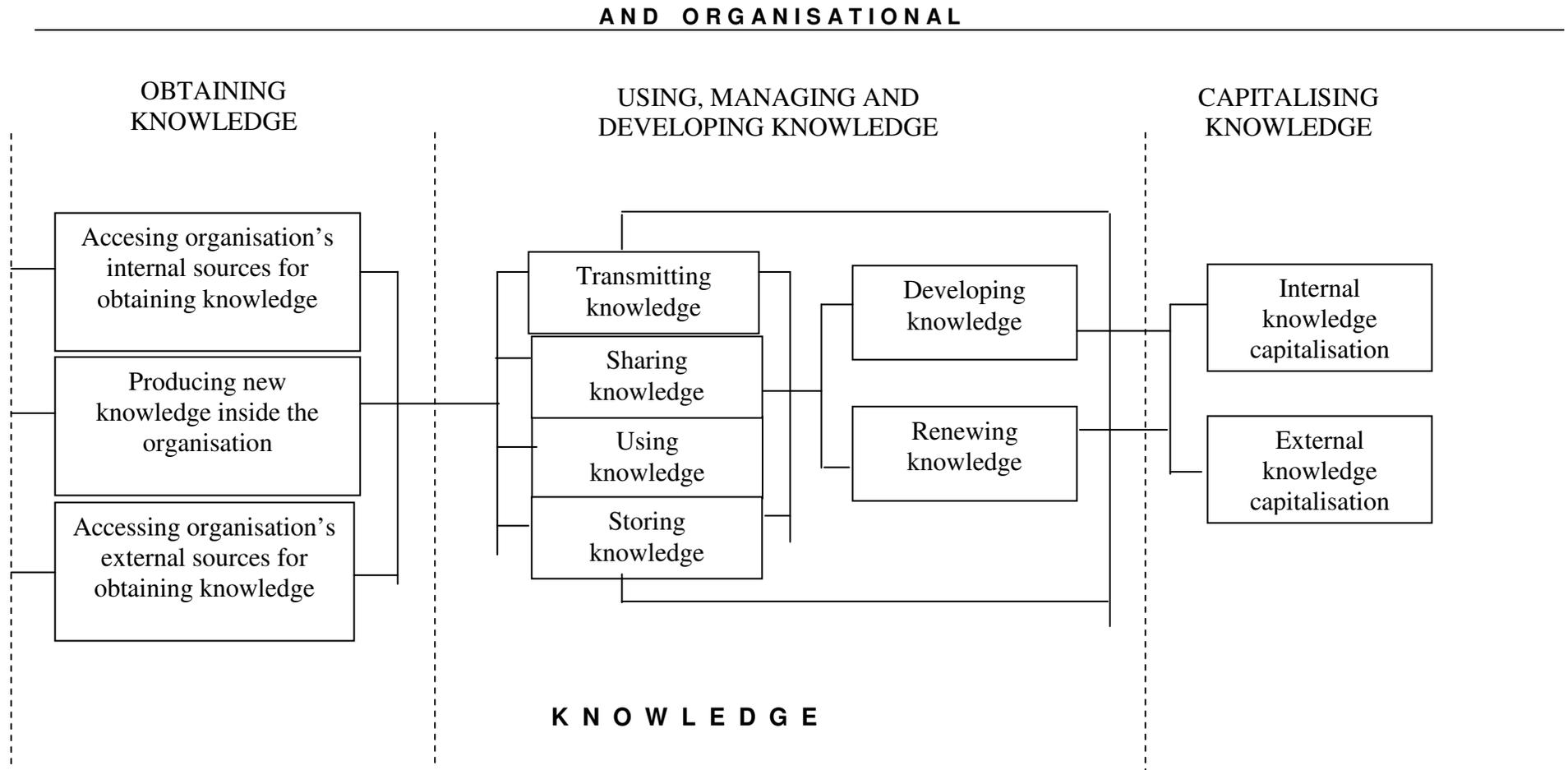


Figure 3. Knowledge processes inside the company

Figure 3. (continued from the previous page)



Finally one last note. In this section I presented a wide picture of knowledge that is found in bigger enterprises with a wider activity profile. Because the majority of companies are smaller and usually they focus on commercial activities or on research – development activities, and so on, part of the shown processes have smaller dimensions and are reduced to practice a task or a duty or even don't exist, as they are not necessary. Regardless the dimension or profile, the production, the renewal, the use, the commercialization and the protection of knowledge are substantially present as they condition the status and the performance of the organization as a knowledge based company.

Views on the strategic knowledge

The knowledge cycle refers to knowledge within company, but in the knowledge – based companies, not every knowledge has the same impact. The analysis of the actual situations in the most developed and highly performing companies - based in knowledge, outlines the occurrence of a *new category of knowledge – strategic knowledge*.

This category has a key importance in terms of sustainable company development and they consist in – according to those outlined by the expert A. Grunwall [4], combination of knowledge for orientation, explicit knowledge and action guidance knowledge. Generating this category of knowledge is a new category of challenge for the scientific system.

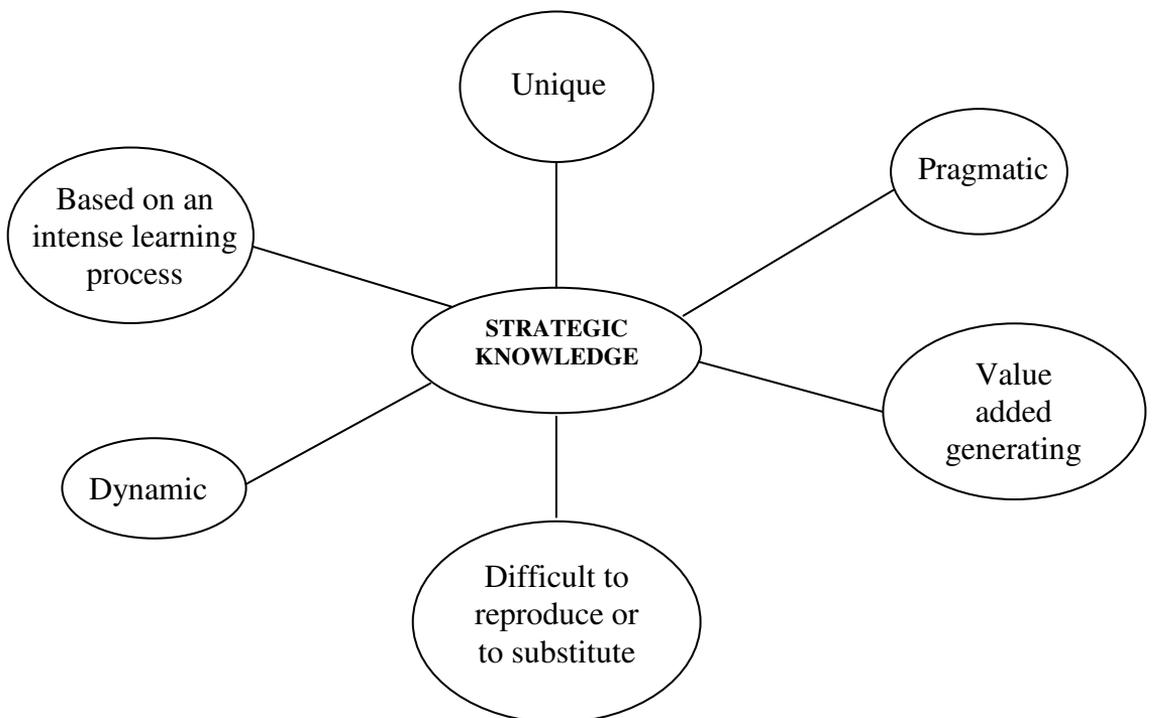


Figure 4. Features defining strategic knowledge

Based on our surveys, *the strategic knowledge have an array of specific features*, outlined in figure 4, regarding which we would like to point out several aspects [13]:

- *Unique resources* means that they either cannot be found in other companies or it is only a low number of organizations that have their ownership. The rarer the strategic knowledge are, the more they present a stronger strategic advantage for the organization
- *Hands – on and user – friendly*, in the sense that they may generate new products and services within the company or they trigger an innovative and significant improvement to the existent ones. This features reaches its maximum when the knowledge itself becomes a product, traded in the market
- *Value generating*, which means that by using them, added value is brought into the company, a value that is acknowledged by the market. The strategic knowledge are included within the organization value vector
- *Difficult to reproduce and/or substituted by other knowledge*, a feature that secures company sustainability and profitability on medium and long run. The more that within the company, tacit and strongly innovative knowledge account for a larger share, the more this feature of the

knowledge is increasingly intense and their strategic nature is more obvious

- *Dynamic*, in the sense that they can be updated and amended in keeping with the changes within the endogenous and exogenous environment of the organization, particularly in line with the market requirements. Their dynamic nature refers both to the content of the knowledge and to the type and manners of approach
 - Based on an intense learning process, whose ongoing operationalisation is a decisive condition to preserve the other features of the strategic knowledge. The intense learning process, in spite of being difficult and in spite of consuming resources, is the best protection to maintain and amplify the strategic nature of the knowledge.
- The crucial impact of strategic knowledge in the company generates a new approach for identification of the knowledge “gaps”, both internal and external ones, among competitors.
- The well known specialist Smith Zack, conceived a special procedure in order to identify strategic knowledge gapes and to eliminate it. This procedure is presented in the figure no. 5.

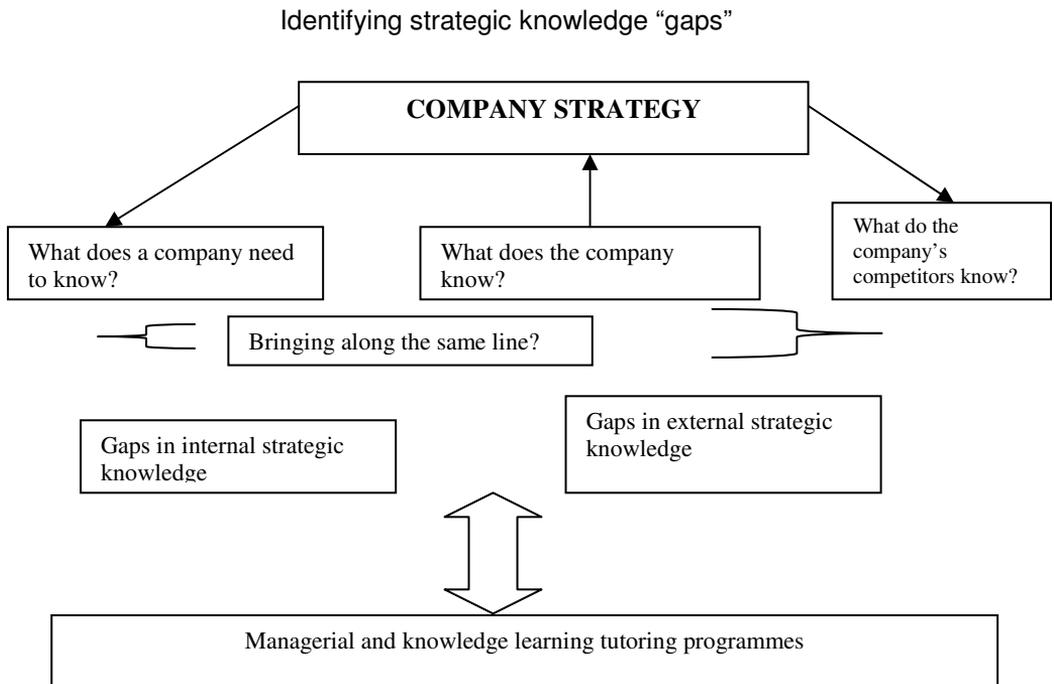


Figure 5. Gaps in strategic knowledge

The best way to use this procedure is to be integrated in the strategic management of the company transforming it in a current managerial tool, which contributes significantly to the company efficiency increase.

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