

KNOWLEDGE MANAGEMENT AND ITS CONTRIBUTION TO AN ORGANISATION'S COMPETITIVENESS

Vladimír Bureš

Key words:

Knowledge management – organisation – knowledge – knowledge economy – knowledge society – levels

Abstract:

Nowadays, knowledge management (KM) is a very popular business concept. Successful KM in an organisation is conditioned, not only by a process of its implementation, but also by different levels that pay attention to knowledge and its management. While supranational and national levels are above an organisational level, the basic level is below, where fundamental research dealing with knowledge is realised. At supranational and national levels, which are the most general, an orientation on knowledge is visible from basic strategic documents of the European Union and the Czech Republic. At the basic level, attention is paid for examples to main principles of knowledge technologies or psychological or sociological aspects of work with knowledge.

1. Introduction

Knowledge management (KM) is a very popular business concept. Its implementation can increase an organisation's competitiveness and successful achievement of general business goals but only if its support is ensured within a broader framework. That is why, this paper is not focused on KM itself. There are a lot of books or articles in scientific journals about KM. This contribution deals with the identification and description of a systemic environment of KM at an organisational level and its state in the Czech Republic (CR).

Bureš, V.: Knowledge Management and its Contribution to an Organisation's Competitiveness, Proceedings of Hradecké ekonomické dny 2006, Gaudeamus, Hradec Králové, str.55-60, 2006 ISBN 80-7041-895-8

2. Levels of work with knowledge

It is not possible to rely only on an effective process of KM implementation, if KM should be successful. Conditions of this realisation, that go beyond the borders of an organisation, have to be ensured. Support of KM must be guaranteed both at higher and lower levels, i.e. appropriate conditions must be ensured both on supranational and national levels and on the level of a basic research that is focused on work with concrete types of knowledge.

2.1. Supranational level

This level is the broadest and most general one and creates a basic framework for the lower levels. This level does not concern KM itself, but concepts like “knowledge economy” (KE) and “knowledge society” (KS). It is possible to define KE in the following way: “KE consists in a creation of an added value on the basis of knowledge utilisation, not only on manual labour, and there is an increasing significance of education and exploitation of scientific findings from the perspective of a country overall competitiveness”⁸. From CR’s perspective, this level is ensured in a proper way. This fact is obvious from strategic documents of the European Union (EU), for example, the Presidency Conclusions from a special meeting of the European Council that was held in Lisbon. The aim of this meeting was “to agree a new strategic goal for the Union in order to strengthen employment, economic reform and social cohesion as part of a knowledge-based economy”⁹. This document is also known as “Lisbon Strategy”. The concept of KE is mentioned here in different contexts, especially, as part of a strategic goal for the next decade. It is written here, that “the Union has today set itself a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion”⁹. The importance of knowledge for KE is also emphasized in other chapters. However, it is not necessary to mention them here. It is obvious from this strategic goal that the basic framework for KM has been created at this level. Apparently, KE and knowledge-based competition are not theoretical concepts produced by authors of particular books or articles in

scientific journals^{2,4} any more. In reality, KE and knowledge-based competition influence all citizens and organisations in the EU. The existence of several scientific and research projects, that are fully or partially supported by the EU, can also be considered as a part of this level. Many of these projects are focused on different aspects of KM¹.

2.2. National level

The effort to illustrate the existence of support of KM at the national level of the CR can again be supported by strategic documents. The best way to visualise the current situation, is to refer to the Programme Declaration of the Government of the Czech Republic, the Strategy of the economic growth of the Czech Republic, the Strategy of the human resources development for the Czech Republic or the Strategy of the Government of the Czech Republic in the EU framework.

The *Programme Declaration of the Government of the Czech Republic* mentions the importance of knowledge in the second chapter that is related to basic aims and priorities. It is written here that "...the Government will help within the framework of the European model to develop the Czech Republic as a democratic and modern social State with advanced market economy based on knowledge and able to guarantee stable economic growth..."⁵. This strategic document also pays attention in one chapter to information and knowledge society. Several paragraphs are also dedicated to science and research, education, culture, information society, etc. When the *Strategy of the economic growth of the Czech Republic* was published, it evoked discussions that were conducted by many people from many fields. The evidence can be the huge number of articles published in journals and newspapers or reports in different mediums. Interesting is the knowledge orientation of this document that is supported for example by the first chapter with the title "Czech Republic – knowledge-technological centre of Europe with growing living standard and high employment"⁸. This document also suggests to "...support the creation of centres for KM and its education at universities and public research institutions"⁸. A similar approach and ideas are incorporated, also, in other strategic documents like the *Strategy of the human resources development for the Czech Republic*⁶ or the *Strategy of the Government of the Czech Republic in the EU*

Bureš, V.: Knowledge Management and its Contribution to an Organisation's Competitiveness, Proceedings of Hradecké ekonomické dny 2006, Gaudeamus, Hradec Králové, str.55-60, 2006 ISBN 80-7041-895-8

*framework*⁷. Due to space limitation of this paper, it is not necessary to present further details.

2.3. Organisational level

An organisational level can be found below the national level. At this level, more concrete and more tangible concepts occur. The real KM is realised here. Nowadays, many organisations, including Czech companies, realise that traditional resources are not the only sources that should be managed during the transition to KE and KS. Knowledge becomes a strategic organisational resource for the 21st century that should ensure stable growth of performance and competitiveness. That is why, KM and related activities are implemented and realised in many organisations, regardless of their main goals or branch of industry. Basic principles of KM are applicable both in business organisations or manufacturing companies, educational institutions and institutions of public administration. At the organisational level, the systemic and systematic approach to, and work with, knowledge is a relatively new idea. This new approach to business is introduced by the fusion of findings from different fields of human activities. Therefore, the basic elements of KM belong, for example, to artificial intelligence, creation of knowledge systems and software generally, reengineering of business processes, human resources management or organisational behaviour³. Although it is possible to continue and enlarge this survey, from the fields named above, the difficulty of complex approach to KM is obvious.

2.4. Management of knowledge

It seems that distinguishing between KM and management of knowledge (MK) is only making it complicated when it is much simpler. However, the opposite is true. Now it is necessary to agree with one attendee of the scientific conference Znalosti 2006 that was held in Stara Lesna in High Tatra. He put a very irritating question to the audience, in which he asked, what is the relation between managers and MK. It was difficult to understand his point of view, but now we have to admit – almost nothing. The reason is that MK is a well established technological discipline that represents the lowest, but also the most basic level, where the attention to knowledge is paid. KM is focused, for

example, on data mining from databases, knowledge acquisition from an experts, information extraction from text, knowledge systems, multi-agents technologies, mark-up languages, semantic web, knowledge ontology and other conceptual models, natural language processing, etc. Therefore, KM is achieving its own goals by utilising the outputs of MK in its own activities. Managers usually do not know the principles, on which the products of MK are based. However, this situation is not unusual. How many managers know the main principles of a generation of pseudo-random numbers in the wide spread application MS Excel? Or, how many managers know the exact equations that are used in this application for the calculation of some indicators even from an area of financial management? Nevertheless, managers should have at least some awareness of basic approaches or technologies that are used at the MK level. The reason is that MK products or services can not be used blindly. Some products are, for example, very sophisticated and based on new principles and approaches, and managers could have problems not only to understand their essence, but also in figuring out the reasons for their utilisation in practice.

Although it is not very frequent, the main methods, techniques, procedures and principles of work with knowledge in psychology and sociology should be a part of this fundamental level. These methods and techniques work with knowledge too, but with different types.

It is important to notice that if we increase the level of resolution, we will find further levels, where attention to knowledge is paid. On a new resolution level, these other levels can be considered as independent. An example is a level of clusters, which can have different knowledge needs and utilisable tools, techniques or procedures. This level can be found between the national and the organisational level. That is why, the border between single levels is very fuzzy.

3. Conclusion

It is evident from the paragraphs above, that MK and other disciplines working with any type of knowledge represent the basis of all activities connected with knowledge. Their

products are applied at the organisational level. If this fundamental level does not work properly, all other activities at higher levels will not necessarily be complex and complete. This statement neither supports a technological approach to KM, nor stresses its partially technological origin. It only tries to draw attention to the fact that modern technologies catalyze many changes. Then, the organisational level constitutes the basis of KE both at a national and supranational level.

It is also apparent that the higher the level, the higher the generality. While the basic level of MK is working with real knowledge and is developing instruments and procedures, how this knowledge is acquired, processed, distributed or exploited, at the organisational level is the possibility to work with knowledge still subject to discussion. Some authors are convinced that it is not possible at this level to work with knowledge, but only to create an appropriate environment for successful knowledge production, sharing, development or usage. What is the subject of discussion at an organisational level is a matter of fact on national and supranational levels. Concrete knowledge do not play any role here. The main goal and purpose of all activities is the creation of an environment and framework (economical, political, legislative, etc.), in which lower levels will successfully operate.

KM can contribute to higher competitiveness only if the lower and higher levels, where the attention to knowledge is paid, are ensured. On all of these levels, people that are focused on knowledge, are politicians, managers, information technology experts, academicians, etc. While supranational and national levels have to create and ensure the framework for KM at the organisational level, the MK level provides different technologies and solutions for faster, easier and more effective realisation of knowledge processes in particular organisations. That is why, the systemic view to this problem is essential. A single phenomenon, including KM, needs to be embedded into the context of a greater whole. In this way, substantial relations at a single level and among particular levels are not only preserved, but also emphasized.

Acknowledgements:

Bureš, V.: Knowledge Management and its Contribution to an Organisation's Competitiveness, Proceedings of Hradecké ekonomické dny 2006, Gaudeamus, Hradec Králové, str.55-60, 2006 ISBN 80-7041-895-8

This paper was partially supported by KNOMEDIAS, the GAČR project No. 406/04/2140.

References:

- (1) BOUSDIRA, N. *EU Funded Knowledge Management Projects*. [on-line] <http://www.knowledgemanagement.org.uk>, 2004
- (2) DRUCKER, P.F. *The post capitalist society*. Butterworth–Heinemann, Oxford, 1993, ISBN 0-7506-0921-4
- (3) LIEBOWITZ, J. *Knowledge Management Handbook*. CRC Press, Boca Raton, 1999, ISBN 0-8493-0238-2
- (4) NONAKA, I., Takeuchi, H. *The Knowledge Creating Company*, Oxford University Press, New York, 1995, ISBN 0-1950-9269-4
- (5) *Programme Declaration of the Government of the Czech Republic*. The Office of the Czech Republic Government web pages, Prague, [on-line] <http://wtd.vlada.cz>, 2005
- (6) *Strategy of the human resources development for the Czech Republic*. Government decree no. 210/2003, Prague, [on-line] <http://wtd.vlada.cz>, 2003
- (7) *Strategy of the Government of the Czech Republic in the EU framework*. Ministry of the Environment of the Czech Republic web pages. [on-line] <http://www.env.cz>, 2004
- (8) *Strategy of the economic growth of the Czech Republic*. Prague, [on-line] <http://www.hospodarskastrategie.org>, 2005
- (9) *Presidency Conclusions - Lisbon European Council*. Lisbon, [on-line] <http://europa.eu.int>, 2000