

The role of knowledge in organizing

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Abstract: Creating good order created preconditions for successful achievement of the objectives created by generating suitable arrangement. This is the task for organizing – the basic function of management. Also knowledge management is a cross-cutting activity of the company. Knowledge management is becoming an important tool for integrating all business activities, not only in relation to the processing of information, but also human potential, corporate philosophy, culture and other new business value. It is necessary to integrate knowledge management into all activities of the company. This can be done by linking knowledge management and organizing. In this case it is important to create a culture of trust, which can be achieved by introducing Fayol's management principles in the company.

1 Introduction

In these days), companies are facing a crisis and uncertainty in the market, only the strongest will survive. Power of company is determined by its employees, who may be its greatest competitive advantage.

Recently was enough if companies combines employees with information in order to achieve success. Nowadays, thanks to development of information and communication technology only information is not enough. Information becomes easily available, and therefore their value for the company decreased.

Currently it is necessary to combine the information with experience, intuition and subjective attitude. In this way information became knowledge. Knowledge cannot exist alone. Knowledge have to be implemented into the company's vision and strategy. Knowledge have to become an integral part of company's vision and strategy.

Most of managers realize the importance of knowledge. Some of them establish the rules and principles of knowledge management. But in many cases, these rules remain only on paper and do not reach the real functioning of the business. One of the main problems is that knowledge is in people's minds. Knowledge is subjective and without creating properly environment for its creation and sharing its useless for the company.

Modern times are barrier for the creating a properly environment for the creation and sharing of knowledge. Companies aim to make a profit regardless of the employees, state or other market participants. Companies in pursuit of profit forget on moral principles and that their main source of success are their employees. They treat their employees as other sources of business that can be replaced at any time. For the success of the strategy, companies have to establish rules for the implementation of knowledge. It is important to take into an account specific characteristic of the knowledge - that is stored in people's minds.

For companies' success, it is necessary to incorporate knowledge into the normal (daily) operation of the companies not only to the vision and strategy. Therefore it is appropriate to use knowledge during implementation of the strategy, mainly to the basic function of management - organizing. The activities of the organizing cover all processes in the company, thus organizing can ensure the implementation of knowledge management to the all business operations.

2 Knowledge and knowledge management

To define knowledge management, it is necessary first to define knowledge. According to Nonaka (1994) and Huber (1991), knowledge is a justified personal belief that increases an individual's capacity to take effective action. Action is the context requires physical and competencies (e.g., playing tennis, or carpentry),

cognitive/intellectual activity (e.g., problem solving), or both (e.g., surgery which involves both manual skills as well as cognitive elements in form of knowledge of human anatomy and medicine).

According to classical definition, Knowledge is justified true belief, or true opinion combined with reason. Other versions of classical definition have been put forward by Roderick M. Chisholm, David Rynin, and A.J. Ayer, among others. In all of these definitions, the concept of knowledge is defined in terms of three conditions, of which the first may be termed the condition of acceptance or belief, the second, the condition of justification or evidence, and the third, the condition of truth. (Hilpinen, 1970)

The definitions of knowledge found in the information systems literature further make a distinction among knowledge, information and data. Magnalitta suggests that data is raw numbers and facts, information is processed data, and knowledge is "information made actionable". The key to distinguishing effectively between information and knowledge is not found in the content, structure, accuracy, or utility of the supposed information or knowledge. Knowledge is information possessed in the mind of an individual: it is personalized or subjective information related to facts, procedures, concepts, interpretations, ideas, observations and judgments. (Avali, Leidner, 1999)

Two basic attribute of knowledge (Avali, Leidner, 1999):

- Knowledge is personalized, in order for one person's knowledge to be useful to another individual, it must be communicated in such a manner as to be interpretable and accessible to the other individual.
- Hoards of information are of little value: only that information which is actively processed in the mind of an individual through a process of reflection, enlightenment, and learning can be useful.

The idea of knowledge management arrived only in the mid 1990s and is still developing. Knowledge management use the enormous potential of information technology. The idea is pretty simple, since it start with the neo-economic view of the strategic value of organization knowledge and then uses familiar IT software such as databases and electronic conferencing to facilitate the acquisition, sharing, storage, retrieval, and utilization of knowledge. (Easterby - Smith, Lyles, 2011)

Knowledge management has also social perspective. In a practical sense the social perspective has adapted the technologies from elsewhere into organizational context which enables flexible communication and sharing of tacit knowledge between members. (McAfee, 2006)

The concept of knowledge management for mutual seems self-evident for the enthusiasts, which only increases their puzzlement when others in their organization show apathy or even negative interest in the concept. If there is no offsetting for sharing knowledge in terms of money and recognition, or the process by which one does so is arcane or bureaucratic, or it is difficult to find the right fora, then organizational costs rise and participation drops proportionally. (Easterby - Smith, Lyles, 2011)

Knowledge management refers to a systemic and organizationally specified process for acquiring, organizing and communicating both tacit and explicit knowledge of employees so that other employees may make use of it to be more effective and productive in their work. (Avali, Leidner, 1999)

Company faces several problems during implementation of knowledge into strategies, and thus into the daily operation.

The first problem is to identify people with knowledge. If the company does not pay enough attention to their employees, it may not know about their knowledge. Tacit knowledge is stored in the minds of employees and can be established only by observing employees behavior and functioning of the company.

The next problem is the relationship between company and employees. When company does not provide their employees with adequate financial rewards, it cannot expect that the employees will have huge effort to increase their own personal skills and knowledge (own personal development) - the creation of new knowledge, which the company may later use. If employees have to deal with issues of survival and their security (satisfying the first two steps in Maslow's hierarchy of needs), they are not interested in working on their development and thus on company's development.

The problem of nowadays is also the stability of the work. If an employees are worried about their position in the company, they are not willing to share their knowledge, because their knowledge is their competitive advantage. Loss of competitive advantage for employees could mean the loss of work.

The next problem is that moral values often missing in the company. Employees cannot try to do a good work, because reward for their efforts are obtained by another "chosen one" employee. Corruption and "nepotism" are the barriers of creation of properly environment to sharing knowledge.

Companies do not realize that knowledge management must become part of the company as a whole. Knowledge management cannot stand alone, it has to be used during the setting the vision, philosophy and mission of the company.

It should be noted that knowledge can be found in people's minds. Therefore it is necessary to create conditions that employees are willing and have the opportunity to share their knowledge and then create new knowledge.

3 Organizing

Organizing is the function of management that involves developing an organizational structure and allocating human resources to ensure the accomplishment of objectives. The structure of the organization is the framework within which effort is coordinated. The structure is usually represented by an organization chart, which provides a graphic representation of the chain of command within an organization. Decisions made about the structure of an organization are generally referred to as "organizational design" decisions.

Organizing also involves the design of individual jobs within the organization. Decisions must be made about the duties and responsibilities of individual jobs as well as the manner in which the duties should be carried out. Decisions made about the nature of jobs within the organization are generally called "job design" decisions.

Organizing at the level of the organization involves deciding how best to departmentalize, or cluster jobs into departments to effectively coordinate effort. There are many different ways to departmentalize, including organizing by function, product, geography, or customer. Many larger organizations utilize multiple methods of departmentalization. Organizing at the level of job involves how best to design individual jobs to most effectively use human resources. (Burnet)

The organization is the result of the organizing. The organization is internally formalized, usually hierarchical unit with relationships of superiority and subordination and with definition of mandate and authority and responsibility. (Veber, 2009)

Organizations are space, where people apply their job skills and experience but also express their emotional needs, to communicate, to bring their enthusiasm and ideals, but also their distaste for some activities or people. (Blašková, 2005)

4 Fayol's principles

Fayol's management principles respected moral values, stability of work and help to Efficiency Company. Not all principles can be implemented into current companies.

Management Principles developed by Henri Fayol:

- **DIVISION OF WORK:** Work should be divided among individuals and groups to ensure that effort and attention are focused on special portions of the task. Fayol presented work specialization as the best way to use the human resources of the organization.
- **AUTHORITY:** The concepts of Authority and responsibility are closely related. Authority was defined by Fayol as the right to give orders and the power to exact obedience. Responsibility involves being accountable, and is therefore naturally associated with authority. Whoever assumes authority also assumes responsibility.
- **DISCIPLINE:** A successful organization requires the common effort of workers. Penalties should be applied judiciously to encourage this common effort.
- **UNITY OF COMMAND:** Workers should receive orders from only one manager.

- **UNITY OF DIRECTION:** The entire organization should be moving towards a common objective in a common direction.
- **SUBORDINATION OF INDIVIDUAL INTERESTS TO THE GENERAL INTERESTS:** The interests of one person should not take priority over the interests of the organization as a whole.
- **REMUNERATION:** Many variables, such as cost of living, supply of qualified personnel, general business conditions, and success of the business, should be considered in determining a worker's rate of pay.
- **SCALAR CHAIN:** Managers in hierarchies are part of a chain like authority scale. Each manager, from the first line supervisor to the president, possess certain amounts of authority. The President possesses the most authority; the first line supervisor the least. Lower level managers should always keep upper level managers informed of their work activities. The existence of a scalar chain and adherence to it are necessary if the organization is to be successful.
- **ORDER:** For the sake of efficiency and coordination, all materials and people related to a specific kind of work should be treated as equally as possible.
- **EQUITY:** All employees should be treated as equally as possible.
- **STABILITY OF TENURE OF PERSONNEL:** Retaining productive employees should always be a high priority of management. Recruitment and Selection Costs, as well as increased product-reject rates are usually associated with hiring new workers.
- **INITIATIVE:** Management should take steps to encourage worker initiative, which is defined as new or additional work activity undertaken through self direction.
- **ESPIRIT DE CORPS:** Management should encourage harmony and general good feelings among employees.
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5 Knowledge, organizing and Fayol's principles

Organizing as part of work with the strategy (mainly the implementation phase) uses knowledge. If the company wants to create conditions not only for the creation of knowledge, but also for its effective sharing and storing, it has to introduce Fayol's management principles. These principles will help establish company culture and organizational structure that will create a properly environment for the efficient creation and sharing of knowledge.

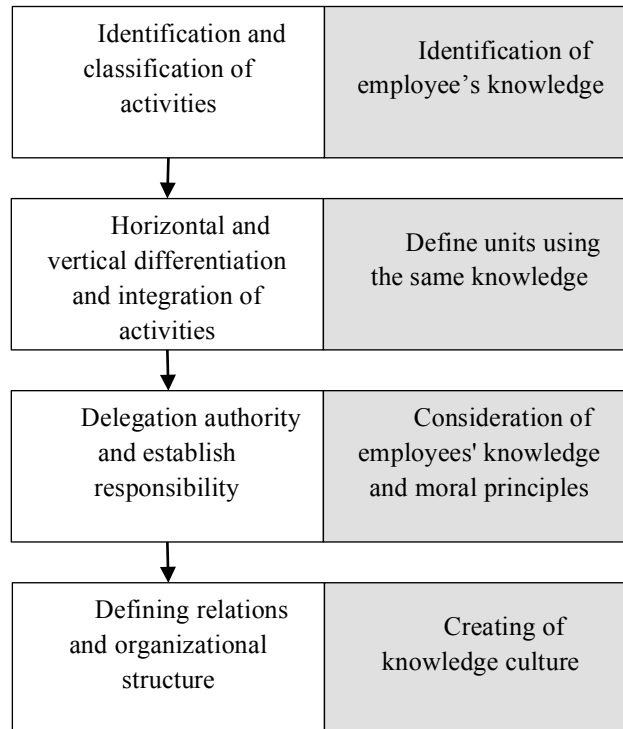


Figure 1 Organizing and knowledge

Identification and classification of activities must be supported by the identification of employees knowledge. During the process of gathering resources, the company has to ensure employees with right knowledge for the specific companies activities (where the employees with specific knowledge are required).

Horizontal and vertical differentiation and integration of activities must take into account what knowledge is needed for different departments. It is necessary to link units with same type of knowledge – this „link“ will make knowledge sharing easier.

Delegation of authority and establish responsibility must be harmonized with the knowledge of the employees. Thus, the employee would not be responsible for an area of which has little or no knowledge about. Also moral principles should be used in delegation of authority. Authority should be delegated according to the employee's merits and knowledge.

Organizational structure must create space for open communication between those who know and those who need to know. Organizational structure together with establishing the rules of relations (open communication, trust) are creating a knowledge culture.

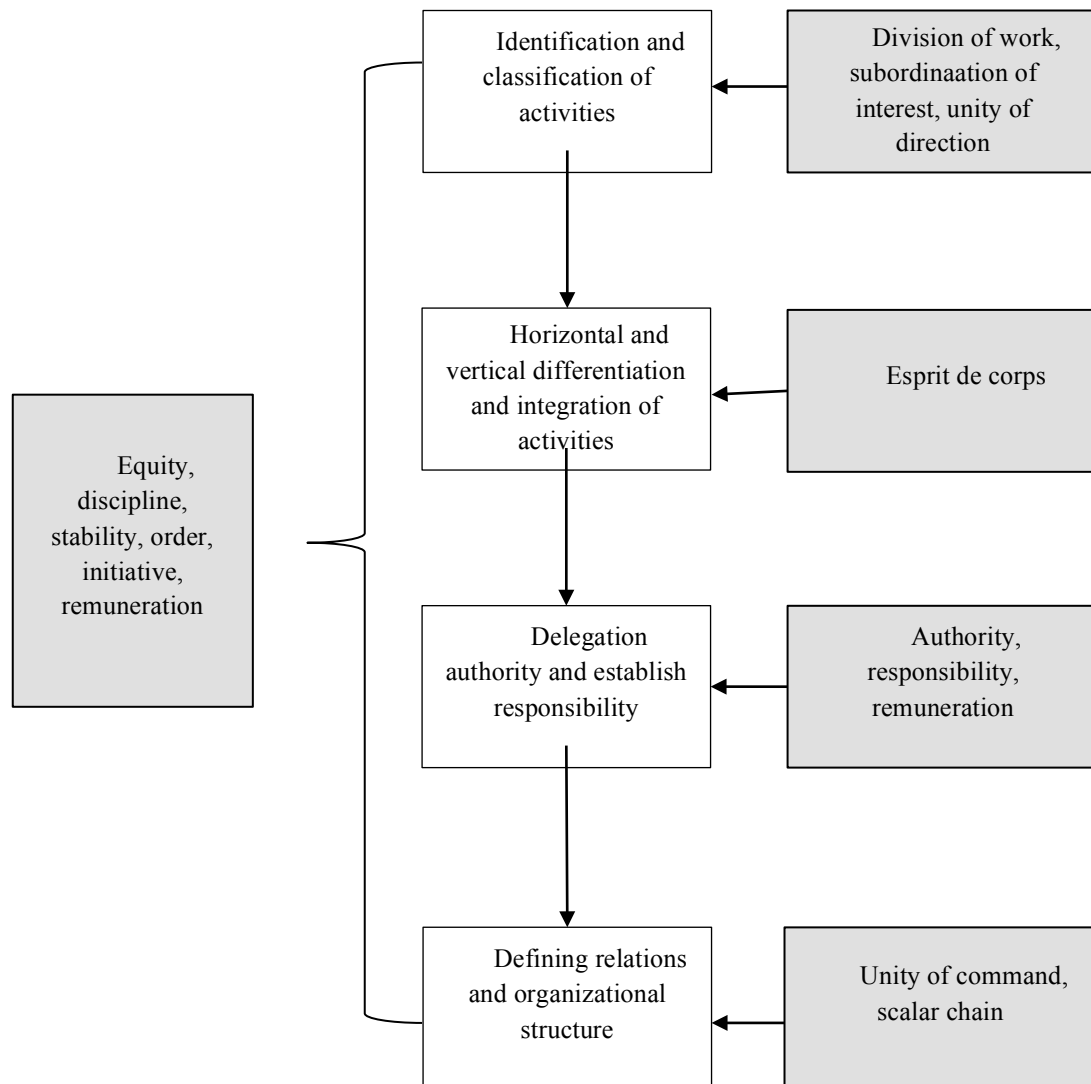


Figure 1 Organizing and Fayol's principles

Order, stability, initiative, equality, remuneration and discipline creates a knowledge culture that helps the creation and sharing of knowledge. These elements must be present in all steps of the organizing

Identification and classification of activities is based on corporate vision, philosophy, mission and strategy. These activities must be compatible with the principles of unity of direction and subordination of individual interests to corporate interests. Therefore, this principles should be taken into account in the identification and classification of required activities.

Differentiation and integration activities must respect the principle of „Esprit de corps”. All departments should be merging into a whole, which will bring the company more than if these departments will work alone - a synergic effect. Employees should be distributed according to their knowledge to the various departments. Therefore, employee have to work in the area, in which he has the most knowledge about and be able to become an expert.

Delegating authority and established responsibility have to form the single unit. They have also to be linked with fair remuneration, which should be in accordance with employee's responsibility. This is the only way how to create a supportive environment for knowledge.

In determining of the organizational structure and relationships between employees is important to follow and respect principle of unity of command (one employee = one leader). The principle of scalar chain enables communication between all departments. Open communication across the company can connect those who know with those who need to know.

6 Conclusion

Martin Luther King Jr. say „There comes a time when one must take a position that is neither safe, nor politic, nor popular, but he must take it because conscience tells him it is right.” Maybe Fayol’ s principle bring this time and return to business moral principles.

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