

## **Knowledge Evolution and Development of Knowledge Management Strategies within Organisations**

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### **ABSTRACT**

*Today, knowledge and the intangible assets of any company became clearly an extremely valuable resource. On the other hand, lifelong learning, both in formal and informal contexts, nowadays constitutes a major conditioning for any employee who wants to maintain a job in the knowledge economy. The mechanism through which different knowledge is accumulated by employees (both in the traditional optics for classifying knowledge as well as in the optics from KM) remains far less known, since it is essentially dependent on the individual's thinking and how different types of experts are formed in modern society organizations. Moreover, the generation, acquisition and use of knowledge are extremely important for the economic, social and cultural sustainable development.*

*The purpose of this paper is to emphasize the progress of knowledge in society in general but also in organizations, on the other hand to highlight the role and importance of the KM strategies in order to drive value within organisation.*

**Keywords:** knowledge, knowledge management, learning organisation, knowledge strategy, organisational culture

### **INTRODUCTION**

We live in a global society deeply interconnected, which generates numerous dilemmas and questions due to accelerated change that arise in society, economics, organization, family and up to the individual level. It is increasingly difficult to understand the direction towards the global economy is heading and which ones are the perspectives of business organizations in the aftermath of the crisis. Paradoxically, even in the financial crisis, since 2007 and until now, some business organizations have strengthened their position in the international markets; how it can be explained this fact (it can be found for companies in the US, Europe, Japan, etc.). There are some questions that are still looking for their answer: How do we explain the fact that even in context of global crisis some companies remain on the market and may also prosper? How do we explain that constantly arise newcomers in different markets (especially in markets that require the latest technology and increasingly sophisticated knowledge)? How do we explain that the current global crisis was managed significantly different from different countries?

Probably at the base of the ascendant sense of mankind progress there were certain essential human knowledge and skills. Today is discussed more insistent about a revolution of knowledge as an imperceptible transition from an economy based on material resources to a knowledge-based economy, a human capital based economy (Fukuyama, 2004).

Is understood that what we call human "knowledge" and "skills" have been gained for centuries, in a coded form, and were passed from one generation to another. Simplifying, we understand that even the agricultural revolution was possible through the value accumulation of cited type (human knowledge and skills); subsequently, the more obvious is the fact that

the industrial revolution was based essentially on an "explosion" of inventions / innovations in all areas of science; increasingly obvious is the fact that any type of invention / innovation arises from the accumulation of knowledge and creative act of the individual. Therefore, the following questions arise: "What is knowledge?" and "What was the evolution of its volume in human history?". By accepting the optics regarding the sequence of the four waves of socio-economic progress, we then try to argue the idea that at the basis of human progress there has been and remains the resource called *knowledge*!

## DEFINING KNOWLEDGE

In the theory of *Management and Business Administration* there is the so-called "traditional optics" about what constitutes knowledge, how to assess the stock of knowledge, and which would be the possible directions to be followed for purchasing and highlighting this resource.

From this perspective, the theory distinguishes between signs, data, information and knowledge (Davenport and Prusak, 1998). Thus it results a pyramidal structure which suggests that the transition from one level to another adds value (signs are the primary element of any kind of knowledge - e.g. a letter of the alphabet, they have the advantage that they can be accurately quantified but have a minor value themselves). For the purposes invoked, the data result from two or more signs are mixed together and add value; similarly, the information is based on a sum of two or more data (in ordinary language, we discuss the "database" as meaning "knowledge base", etc.)

If we define knowledge from this perspective, we can say that it is given by an uncertain, chaotic, unclear mix, among signs, data and information, the mix resulting from the mind and skills of the individual (we understand that everyone has some knowledge / skills as a member of society); they accumulate in books, encyclopaedias and are transmitted from one generation to another. The same traditional optics regarding the expression of knowledge discusses however about *wisdom* and *enlightment*; we cannot say with sufficient precision how some human experts accumulate this wisdom. Equally, it is more difficult to explain how certain human experts manage to reach a major new element in their field, namely a significant invention / innovation (*enlightment*).

Michael Polanyi, a well-known philosopher, discusses for the first time about the *tacit dimension of knowledge*, and argues fairly pertinent the idea that the process of human knowledge is highly personal and that each of us knows more than can be explained / interpreted / described (*we know more than we can tell*) (Polanyi, 1966). In other words, certain knowledge is directly dependent on the mind and skills of an individual and, through their specificity, are extremely difficult to convey to others (we call them *tacit knowledge*). Based on this distinction between *knowledge* and the act of human *knowledge* (*knowing; to know what, to know how* etc.), subsequently other authors have established what today we call KM (*knowledge management*). Such thinkers then made a distinction between tacit knowledge and explicit knowledge and have tried to explain how is created, converted and shared knowledge in organizations; it is clear that knowledge transfer occurs from individual to group, from group to the organization (then in society) in a specific encoded form (Nonaka and Takeuchi (1995), Prusak and Davenport (1998)).

Therefore, we also discuss about the actual perspective in KM field about what constitutes knowledge, how human experts are formed and how wisdom and possibly the enlightenment is being accumulated/reached. Essentially, in our research we will distinguish between two major classes of knowledge:

### The Explicit Knowledge

This being predominantly found in books, textbooks, encyclopaedias, databases, can be easily evaluated, can be stored and transmitted easily from person to person; the "sequences" in this class of knowledge are associated with the "organizational memory" commonly copy-right owned by the companies etc. From the perspective of companies, we note that this class of knowledge is easily transmitted from one generation to another by the employees.

### The Tacit Knowledge

The Tacit Knowledge can be found predominantly in the minds of individuals and to a certain extent in their ability / their skill (cycling, map orientation, etc.); it cannot be quantified, it is difficult or impossible to be transmitted from one person to another and especially is derived from the experience, intuition and imagination of the person (the purchase this kind of knowledge cannot be held by the individual without having a certain volume of explicit knowledge). We mention that a small sequence of what we call tacit knowledge is also associated with the organizational memory, the copy-right held by certain companies etc. It is understood that this type of knowledge is much harder to be passed from one generation to another by the company's employees.

The 80/20 rule seems to apply in this situation; i.e. around 80% of the total stock of knowledge available to humanity in the form of tacit, respectively, is found mainly at the level of individuals, groups and organizations. The remaining 20% of valuable knowledge was practically captured, codified or became tangible / tangible and concrete in a certain way (this is explicit knowledge). This usually presents in the form of information / knowledge from books, databases, audio or video, graphics or images and so on.

This sharing of knowledge between explicit and tacit, starting with optics Polanyi's (1966) has generated a strong interest in fields as diverse as sociology, logic, science, including the theory of organizations; the issue was discussed from dozens of different angles by a number of authors ((Nonaka, 1995), (Takeuchi, 1995) (Davenport and Prusak, 1998)). Gradually, in the organisational theory, it has been customized a subdomain, the KM field (This topic is developed by us in the next paragraph).

For now, we deduce that there is a poorly understood and / or known mechanism about the permanent transformation of knowledge from tacit to explicit and that this mechanism is found in the daily life of organizations and in diverse social context. The theory discusses about the epistemological dimension (from a philosophical angle) regarding the explicit-tacit transfer and about an ontological dimension regarding the same transfer; the second perspective refers to the acquisition, processing and transmission of knowledge from individual to social group and society as a whole.

The two major types of knowledge can be characterized in accordance with the issues summarized in Table 1.

Table 1 shows comparisons between some of the major properties of tacit and explicit knowledge. Given these characteristics / properties that define the two classes of knowledge, we conclude that when we have certain knowledge that is more tacit (*tacitness*, meaning it is more vague, diffuse, non-systematic and impossible to communicate in words and / or by description) the more it tend to become more valuable. For example, when in an organizational context, a human expert finds it more difficult to articulate a concept (as a story / description) it means that the know-how owned by him is extremely valuable, but relies predominantly on *tacitness*.

**Table 1. Comparison between the properties of tacit knowledge vs. explicit knowledge**

<i>The Properties of Tacit Knowledge</i>	<i>The Properties of Explicit Knowledge</i>
The ability to adapt, to face new, exceptional situations	The ability to disseminate, reproduce, access, re-apply
Expertise, <i>know-how, know-why and care-why</i>	The ability to teach, train
The ability to collaborate, share vision, to transmit a culture	The ability to organize, systematize; to translate a vision into a mission statement, into an operational guide
Coaching and mentoring for face-to-face knowledge transfer	The transfer of knowledge through products, services and documented processes

Source: Dalkir, K. (2006). *Knowledge Management in Theory and Practice* (p.8). Burlington, MA: Elsevier Butterworth–Heinemann.

This is often noticed when people refer to *knowledge* versus *know-how*, or *knowledge about something* versus *knowledge about how to do something*. The valuable tacit knowledge often results in actions that can be seen when individuals understand and subsequently use that knowledge. Another business perspective is that according to which explicit knowledge tend to represent the final product / service, while tacit knowledge tend to represent the know-how and all the processes that were required to achieve that final product / service (for certain results encompassing however a large volume of latest knowledge, replication or duplication of the final product by "others" is possible only through experience / learning and direct access to the associated know-how).

### **THE EXPONENTIAL GROWTH OF KNOWLEDGE**

Today, almost every one of us is put into daily life in front of a large volume of information, knowledge, and new organizational contexts permanent change in the social and technical plan; in particular, with the expansion of the Internet, social networking, wireless communications and other latest technologies, everyone has access and can process / share an increasing volume of knowledge. In a certain sense we can say that today is becoming more evident a postulate enunciated by several scientists, centuries ago, namely the idea that what we call knowledge cannot be monopolized by some. In other words, knowledge is produced today in an unprecedented rate, in a part of the world and / or in certain organizations and distributed and / or spread with an amazing speed in other parts of the world or in other organizations. Certain questions arise such as: "What is the essence of these changes concerning the global knowledge production? What are the trends / directions that human knowledge will follow in future? "If we return to Toffler's optics, he says," The future shock is the shattering stress and disorientation, induced in individuals by subjecting them to too much change in a time too short"(Toffler, 1970).

Therefore, we conclude that today we live in a world where trends concerning the human knowledge (by this term we mean the acquisition, processing and exploitation of explicit and tacit knowledge by individuals and organizations) have changed dramatically since the 80s up to the present. Is not very clear from the perspective of various analysts (sociologists, computer scientists, futurists / futurologists etc.) why at the time the 80s, the trend followed by the global knowledge stock suddenly experienced a "break" in the sense that his own angle of evolution suddenly changed; Most often, this sudden change regarding the evolution of knowledge stock of humankind is linked to the emergence of computers and networks and to

the fact that they have made it possible to relate a million people, by sharing online a growing volume of knowledge.

In the figure no. 1 we present graphically the syntetic evolution of the four waves of the human progress (which we have discussed earlier) which will be confronted with the evolution of the stock of knowledge, at a global level.

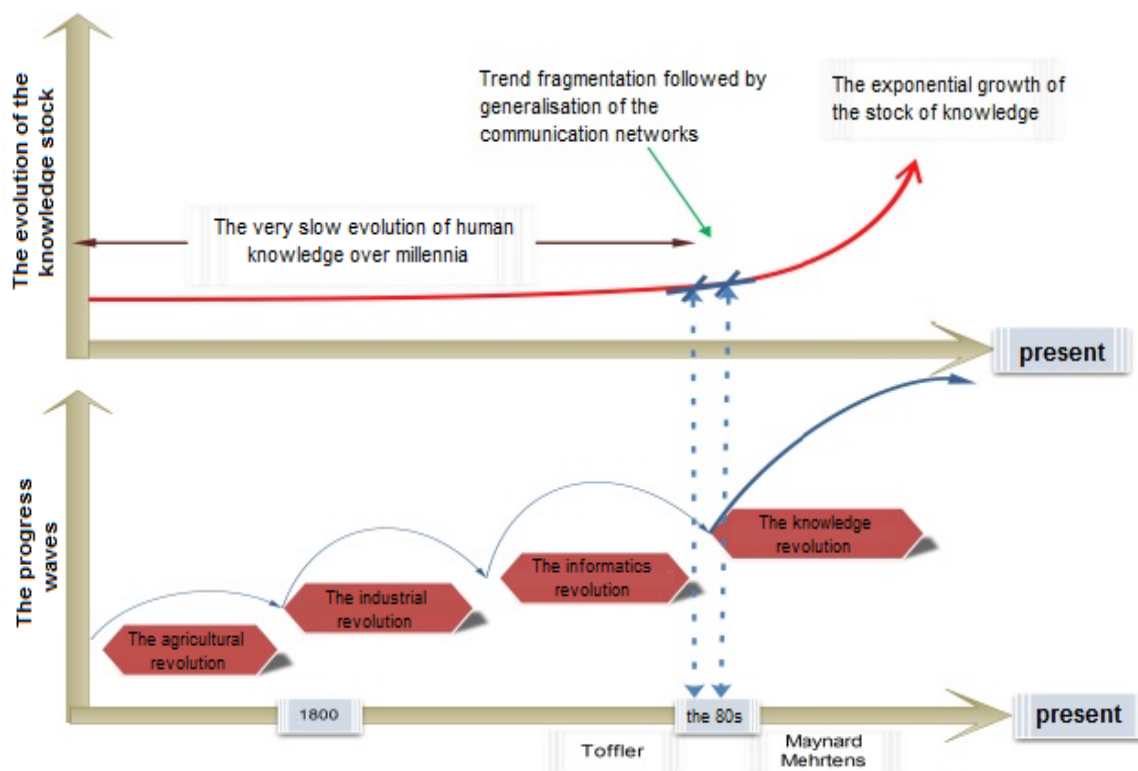


Figure 1. The syntetic evolution of the four waves of the human progress and the evolution of the stock of knowledge, at global level

Given the manner in which we previously defined the explicit and the tacit knowledge, it is understandable that the graphic scheme (Figure 1) concerning the knowledge stock of humanity actually refers to evolution in time of "the explicit knowledge"; this is possible since only this class of knowledge can be quantified precisely and it can be founded acquired in various physical media (books, databases, etc.). Especially after the Industrial Revolution (1776), technical and technological knowledge tended to multiply exponentially; including the socio-economic literacy that has increased at a reasonably rapid rate. Today the development of knowledge in the two major areas seems to follow an exponential curve (the number of text messages sent / received daily exceeds the population of the planet, there are published daily over 3,000 new books globally, it is estimated that in one year there are generated about 40 exabytes of new information, which is equivalent to more than 5000 years of accumulated information etc.). In the technical field, Moore's Law stated some decades ago (1965) that the performance of computers would double every 18 -24 months; In fact, the growth of the technical performance of a computer was undervalued.

Therefore we keep in mind for now the conclusion that before 2012 the sum of human knowledge was doubling every 2 years, but the growth rate is becoming more pronounced and currently it is being discussed of human knowledge as doubling every 72 hours (some studies on this topic do not clearly delineates whether is about explicit knowledge and / or tacit knowledge). The subject of these unprecedented developments poses challenges for many authors. Thus, in an article written by David Russell Schilling (2013), entitled

*Knowledge Doubling Every 12 Months, Soon to be Every 12 Hours*, the author describes this *duplication knowledge curve* whose original author is Buckminster Fuller; the author notes that up to 1900 human knowledge doubled approximately every century. But in the period between 1900 and the end of World War II, knowledge doubled every 25 years. Today, things are not so simple, because different types of knowledge have different growth rates. Take, for example, the knowledge from the nanotechnology area or the medical knowledge. These double approximately every two years, while clinical knowledge every 18 months. Considering an average, we can say that human knowledge doubles every 13 months. According to IBM Company, the construction / implementation of an "*Internet of Things*" will result in the doubling of knowledge every 12 hours.

Previously we mentioned that some evaluations / assessments from the KM field acceptable argues that 80% of the knowledge is of tacit type and only the difference of about 20% is explicit knowledge; here occurs the inevitable question: "If the existing stock of knowledge at global level follows the trends described by us (figure 1), with reference only to explicit knowledge, which one is the situation and / or the trend concerning the tacit knowledge?" From this point of view we accept the previous remark, namely, that what we call tacit knowledge can be assessed / measured only to a small extent. However, in terms of KM perspective as well as in a general sense, we believe that this process must take place at least on the basis of a comparative analysis.

## **FROM THE PHYSICAL GOODS TO INTELLECTUAL ASSETS**

Knowledge has become more valuable compared to the more traditional goods / physical or tangible assets.

The intellectual capital is often made visible / revealed by the difference between the book value and the market value of an organization (often referred to by the term commercial fund). The intellectual assets are represented by the total sum of what the organization's employees know / are familiar with and what know how to do. The value of these assets of knowledge / of knowing is at least equal to the cost of re-creating that knowledge. The accounting profession is still confronting with considerable difficulties in adjusting to these new forms of assets. There has been some progress (e.g. Skandia was the first organization to report intellectual capital as part of its annual financial report), but much remains to be done in this area. The intellectual assets can be found at the strategic, tactical and operational levels within an organization.

Some examples of intellectual capital include:

1. Jurisdiction - skills needed to achieve a certain level (high) of performance.
2. Capability - strategic skills needed to integrate and apply competencies.
3. Technologies - tools and methods needed to produce certain physical results.

The core competencies, which can be found at a tactical level, are those things that the organization knows to do well and provide competitive advantage. Some examples would be: a process, a specialized type of awareness / knowledge, or some type of expertise that is rare or unique in the organization. Capabilities that can be found at a more strategic level are those things that an individual knows to do well and that, under certain conditions, can be aggregated to the organizational skills. The potential capabilities are core competencies and strong knowledge management practices are necessary for that potential to be realized. A number of papers in the field of business management discuss these concepts in much more detail (e.g. Hamel and Prahalad, 1990). It should be noted that a capability the more valuable

and rare it is among the majority of employees, the more the organization would become vulnerable if those employees (who have that ability) should leave.

## KM FROM THE PERSPECTIVE OF PERFORMANT CORPORATIONS

Among other conclusions that we reached, we emphasized that nowadays all business organizations aiming at top performance somehow suddenly became interested in the field of KM. How do you explain this interest arising among the executives over the past two decades? Along with other notable trends in the global competition, we believe that the interest in KM is induced by four factors (influences mainly aim to *knowledge worker*) (Dalkir, 2006):

**Business Globalization** (organizations are global, multilingual, multicultural)

**Flexible Organizations** (we achieve more and faster, but we have to work smarter, faster adopting and managing a large workload)

**Organizational Amnesia** (workforce is more flexible, which causes problems for the continuity of knowledge in the organization and determines the new pressures of learning among knowledge workers. Employees do not spend the entire active life in the same organization)

**Technological Advance** (we are more connected; this changes the expectations too; it is expected from us to be "on" all the time, and the response time is measured in minutes, not weeks).

Therefore, the working environment today is much more complex as we witness daily the exponential growth of the subjective knowledge elements; each of us is suddenly put in a position to process / understand an increasing amount of knowledge and depending on experience and its size of *tacitness*, we give some subjective interpretations for dozens of social contexts. The employees who work with information (*knowledge workers*) are required increasingly more to "think on their feet" (in the sense of considering and deciding on their own - *empower*), having less time to process and analyse data and information received, let alone download, access and apply relevant experimental knowledge. This is due to the large volume of tasks to fulfil as well as the limited response time.

Following the issues raised, we believe that a distinct strategy on KM as well as the domain itself can support the corporate executives to better manage the complex environment, chaotic and non-predictable in which companies must obtain performance; overloading with information / knowledge can have "sides" negative and positive. Therefore, we can say that the field of KM represents a response to challenges raised and we believe that it approaches to what we might call a *science of complexity*.

To further complicate things, we cannot be aware of all the tacit knowledge that exists or is needed in a context; furthermore, we may "neither know that we do not know." Maynard Keynes (in Wells, 1938, p. 6) said the truth when he stated that "...these executive people that are having authority over us do not know almost nothing about the businesses they have in their hands. Nobody knows a lot, but the important thing to realize is that they do not even know what there is to know".

According to Snowden (2002), we are now entering the third generation of knowledge management (KM), a generation focused on the management of context, the narrative and content ones (executives currently start from a systemic vision for KM implementation; a similar systemic vision we encounter in the context of the LO application by various organizations). *In the first generation*, the focus was on the storage devices for knowledge

(knowledge containers) using information technologies in order to help our dilemma exemplified by the phrase often quoted "if only we knew what we do know" (O'Dell and Grayson, 1998). The organizations that have adopted KM in this generation were major consulting companies, who realized that their primary product is the information and that information / knowledge must be systematically inventoried. *The second generation in KM* has focused on operating the opposite direction of the spectrum of knowledge, in order to focus on people; it could be described by the phrase "if only we know who knows." At this stage in KM there was a growing awareness of the importance of human and the cultural dimensions of KM, when organizations have asked why there were entirely new digital library free of content ("Information junkyards"), and why their use rate was so low.

In the context of the interest reflected by us regarding the corporate interest in KM, we emphasize two aspects:

- a. In the first stage of KM the vision was predominant v from top to bottom to acquire and process knowledge in the organizational context (we will see later that the traditional organization chart, of top-down type supports only to a certain extent the KM strategy proposed by the organization);
- b. In the second stage of KM we believe that the orientation was predominantly opposite regarding exploitation of knowledge, i.e. from bottom to top; at this stage there are aimed more clearly the acquisition of knowledge and the creation of new knowledge for the purpose of organizational innovation (as we will argue later, the organizational chart of bottom-up type supports the KM strategy for the acquisition / processing knowledge to a greater extent).
- c. The third stage in KM involved an awareness of the importance of the mutual context: how the context should be described and organized in relation to the nature of knowledge so that the end users should be aware of certain types / categories of knowledge (rigorous classification for knowledge that exists in an organization and updating of the databases has today become a *sine qua non* condition in the research activity, development and innovation / RDI). It is understood that various users in your organization can access / apply with greater ease certain narrow categories of knowledge depending on the tasks / objectives which they have to solve.

Eventually, if the knowledge is not used to benefit the individual, community of practice, and / or the organization, then the knowledge management has failed. The brilliant ideas kept in a drawer are not enough; they must be activated, "plugged in" and this can only be possible if people know what should be known, can access the content when they need it, can understand it, and - perhaps most importantly - are convinced that this knowledge must be put into action (Koenig, 2002).

## **ORGANIZATIONAL STRATEGIES BASED ON KNOWLEDGE**

### **The Relationship between the Organizational Chart and the Strategic Line Followed By Company**

In modern companies, knowledge is now considered the most important resource / asset and the ability to create and apply them is the most significant capability for obtaining and sustaining the competitive advantage. The company that knows more about customers, products, technologies, markets and connections between them, achieves superior performances. The company is currently seen as a means of creating, integrating, storing and applying knowledge. Companies that choose knowledge-based theory must answer to many difficult questions for developing the knowledge-based strategy (we will refer to the KM



strategy). If the classical model of strategy is adjusted to the current conditions in which the emphasis is on knowledge, we mean that the KM strategy of a company should be an essential part of the overall strategy of the organization; In addition, this strategy should be strongly connected, we believe, with the issue of HRM and organizational learning in a systematic way by each employee. Theoretically, the SWOT analysis of the external environment in which the company is located (starting from this analysis there are emerging variants of the overall strategy of the entity) may offer some answers / suggestions on the KM strategy. We appreciate, however, that this recommendation is one of general type and does not provide specific areas of action for the corporate executives.

The essential elements of the knowledge-based strategy are: identifying knowledge that represents unique and valuable resources; identifying the processes that represent unique and valuable skills; combining these resources and skills in order to improve the company's products and market position of the company. The company must identify what must "know" about a certain product or about a particular market. In order to operate and to withstand on the market, all companies must have some knowledge of technologies, markets, products, customers or industry in which they operate. The strategic choices that the companies make about these factors directly influence what the companies and employees need to know in order to deal with competition. In addition, these choices provide the framework for the development of knowledge through learning and innovation.

On the other hand, based on what it is known, the company must identify the best products and market opportunities in order to exploit this knowledge. The creation of strategic unique knowledge takes place in time, the companies are thus forced to balance the resource allocation decisions in short term and long term. The companies must decide whether to focus on knowledge creation, on exploitation of knowledge or both, and to allocate resources and to work accordingly.

Other major issues related to the knowledge-based strategy are the organizational learning (the company's ability to learn, to acquire knowledge and experience and applying them is itself a skill or competence which generates competitive advantage), competition (the company must assess knowledge and skills needed to survive in the market, business knowledge and skills needed to be competitive and those that transform the company into an one innovative) and the ease with which company knowledge can be imitated (on the one hand, knowledge must be explicit and transferable in order to be shared within the company, on the other hand, if it is explicit, knowledge can be acquired by other firms, reducing or eliminating thus its value).

It is clear that the knowledge-based strategies differ depending on the management aspects based on knowledge that is envisaged: some focus on the content of knowledge, others focus on the processes and others on the final results. The only aspect on which there is a relative agreement, in theory, is that in different situations, there should be applied different strategies based on knowledge.

We invoke briefly three aspects well known in management and in the theory of business organizations, namely: the organizational structures in management, the organizational culture and the concept of *learning organisation* (LO).

1. *The organisation chart and the management strategies.* As it is known, the type, form and content of the organizational chart are designed by the decider in order to support the implementation of the organization's overall strategic line (in addition, the strategy is designed to achieve / accomplish its mission designed in the long term). From this point of view, opinions argued in interest in KM, which take into

account the practice in companies, have certain types of organizational chart which are designed to apply certain strategies in KM:

- a. The first type of organizational chart is based on the traditional theory in the field of management and can support, to some extent, the explicit-tacit conversion, and the vice versa, in an organizational context, if the top management is highly skilled, has imagination and manages to trigger the SECI model in order to involve everyone in the organization (Nonaka & Takeuchi, 1995). This type of organizational chart will be called *top-down structure*, structure that can be considered in attempting to implement the KM.
  - b. The second type of organizational chart implies a *middle up – down structure* and has as basic feature the direct involvement of the middle management in the whole process for knowledge acquisition and exploitation (being understood the conversion of SECI model) (Nonaka & Takeuchi, 1995).
  - c. The third type of organizational chart is given by the structure which is based on supervisors and executives in the acquisition, processing and creating knowledge in which case the top and the middle management of the organizational pyramid is only overseeing such processes (theory is called the bottom -up model of organizational chart).
  - d. Finally, the recent theory on this topic discusses about hypertext organization respectively, a type of organizational chart that tries to combine the advantages of the traditional organizational structures in the practice of business organizations (Nonaka & Takeuchi, 1995) - this model of organizational chart aims to combine the organizational elements of the first types analysed above.
2. *KM and the organizational culture.* By what we mean a type of organizational culture, we understand a type of climate and / or philosophy governing the daily life of a company, which is built over time through interaction and practices of its members; this climate is structured essentially around the values in which the executives and the performers in the organization believe.

In general, it is considered that the source of the competitive advantage of the organization is the tacit knowledge. However, it is difficult to "extract" the knowledge from people's minds, and when the knowledge becomes coded it is easily imitated by competitors and lose its value. On the other hand, maintaining the knowledge in the tacit form runs the risk that the organization loses its knowledge if the employees, for whatever reason, leave. Therefore, by implementing a strategy of customization (which focuses on tacit knowledge), the company has external protection but has no internal protection (if the employees leave). The coding strategy (which focuses on explicit knowledge) protects the knowledge internally, but does not provide the protection at an external level.

In order to solve this paradox tacit knowledge - explicit knowledge, scientists suggest that both strategies - the coding strategy and the customization strategy - should be integrated in order to exploit the advantages of both types of knowledge. Jasimuddin, Klein and Connell (2005) suggest that in order to overcome this problem it is necessary to create an appropriate organizational culture. One such organizational culture must encourage the replication of knowledge in the company but to discourage the imitation by competitors. One such culture must be strong and pervasive within the company, but also must be unique, specific to the company. A specific organizational culture provides a language or code in which is shared the knowledge. For the company employees, the exchange is made in the terms of explicit knowledge because all the tacit components are embedded in the company culture and

understood by the members of the firm. For the persons outside of the company, the knowledge with which the company employees is working is tacit because they do not have the ability to decode this knowledge into explicit knowledge.

3. *The LO concept.* We are forced to approach (but highly synthetic) the issue of what organizational learning means in the practice of the successful corporates as well as the essential theoretical aspects required by the theory on this topic. Thus, we define the learning organization as "an organization with a strong philosophy for anticipation, reaction and response to change, complexity and uncertainty." Overmeer (1997) considered the learning organization as "a particular organizational environment that facilitates the individual learning, which in its turn is valued by the organization and encourages continuous development of new behaviours and practices". (Senge, 1990) identified five core subjects needed to build *the learning organisation*. These subjects are: systemic thinking, personal mastery, mental models, building a shared vision and team learning.

This preliminary approach on LO is necessary since we notice intuitively that the daily practice from every successful company exists and manifests itself only as a unitary whole respectively, as a harmonious ensemble between the various strategies and organizational structures created by the decision maker in order to apply such strategies. In other words, only from theoretical and / or methodological perspectives we can "break", in the sense of complete dissociation, the HRM strategy applied by a company towards the KM strategy and the organizational learning strategy (it is obvious that a certain motivational context, certain values in which the employees believe will determine their behaviour and the attempt to constantly learn, and learning at the individual / group levels will always mean knowledge acquisition and processing).

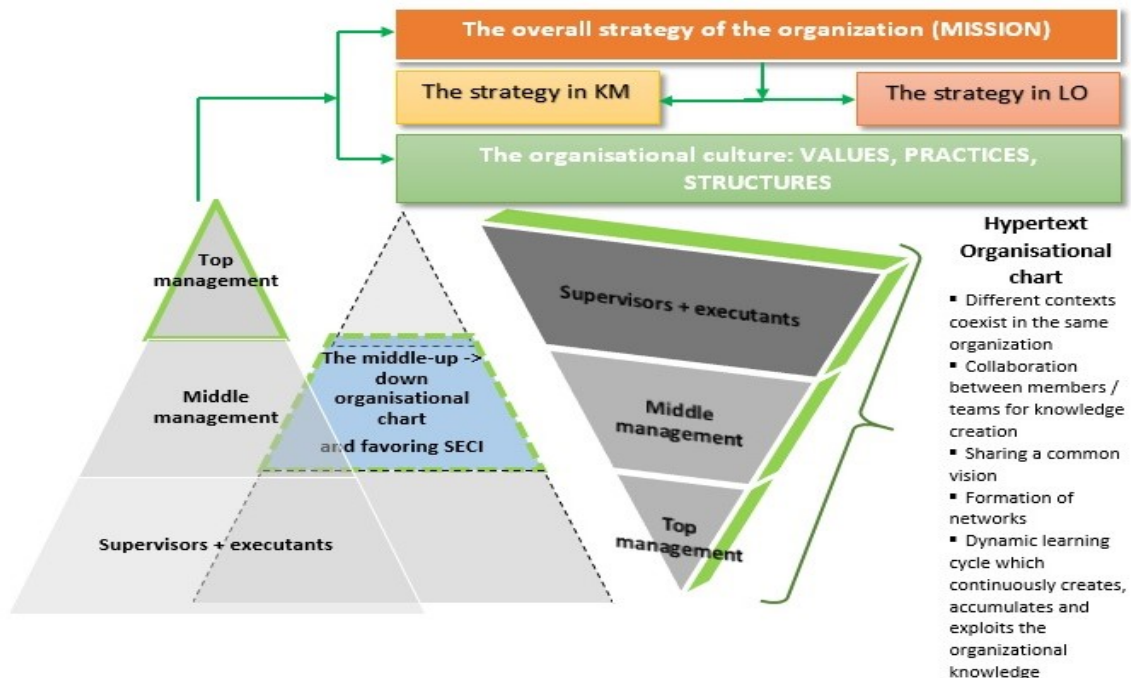


Figure 2. Types of organizational charts and strategies regarding KM, LO and other related concepts

Following the new issues that we brought into question, in figure 2 we present a suggestion concerning the relationship between the organization chart, the overall strategic direction and other strategy components regarding KM, LO and the whole issue of the human resources.

This own suggestion is based also on the recognized views regarding the KM and LO (Nonaka, (1995), Takeuchi (1995), Davenport and Prusak (1998), Senge (1990), Marsik and Watkins (1999)), but tries to capture the background connection between the concepts that we have analysed. In our opinion, there are certain aspects easily confusing or even some overlaps in the organizational theory on this topic.

These examples offer, we can say, a structural basis for knowledge creation in organizations; in fact, our aim is to highlight and provide a model of organizational structure for companies oriented on the knowledge management, owning strategic ability to acquire, create, exploit and accumulate new knowledge continuously, repeatedly, in a cyclic process. A business organization should have a non-hierarchical structure, self-organized, working in tandem with the formal hierarchical structure, this, according to some authors (e.g. Nonaka, 1995), being a vital aspect of knowledge creation.

## CONCLUSIONS

Although few would argue that the information / knowledge is not significant, the primordial problem is that few managers and professionals in informational field understand how to manage the knowledge within the organizations that create knowledge. The tendency is to focus on quantifiable knowledge, and KM is often seen as a kind of information processing machine. The emergence of KM was initially welcomed with a fair degree of criticism, many feeling or believing that this is another fashionable term that will quickly pass in history. Instead, KM imposed in a credible way and as a professional field of practice, and the reason why it been so successful is represented by the activity performed on theoretical or conceptual models of knowledge management. In the early development of KM pragmatic considerations about its processes were soon supplemented by the need to understand what was happening in the process of knowledge, reasoning and organizational learning.

While the subjective complex and dynamic nature of knowledge becomes a more pressing problem it became necessary also a more comprehensive approach in KM. The cultural and contextual influences increased even more its complexity, and these factors, in their turn, should be considered into a model or framework that would situate and explain the key concepts and the processes in the field of KM.

It is vital for the companies to develop a dynamic knowledge management strategy to be integrated into the organization, enhancing the performance of the system and processes. Organizations need to see knowledge management as a strategy, this means knowing how to apply knowledge management (KM) concepts to drive measurable results.

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