Chapter 7

Change Knowledge Management:
Transforming a Ghost Community into a Real Asset

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ABSTRACT

Besides being a basic way to understand the world and an appropriate behavior to survival and development of organizations, the knowledge – acquisition, updating, and use – must be managed to increase creativity, and should be taken as a force to drive the human being in the field of competitive innovation. In this chapter the potential contribution of knowledge workers is discussed. Considering an assets approach, these reflections may enable the organization to promote and use the creativity of their knowledge workers, which are seen as a specific set of assets in the organization. This specificity should be considered in the policies of human resources management and also in the formulation of competitive strategies. Some suggestions are made for improving the utilization of knowledge workers to increase the level of productive creativity.

INTRODUCTION

The accumulated knowledge is invisible when it is not being used to produce useful activities that may enhance the organizational functioning. So if a company is unable to harness the knowledge of some workers, it is supporting a group of people which is almost equivalent to a ghosts community that can not show life during its existence.

In order to keep alive their competitiveness levels, organizations should adopt measures related to implementation of innovative practices and new technologies in several sectors. But it is well known that purchasing advanced technologies does not necessarily lead to success. Enterprise performance critically depends on how these technologies are adopted and successful adoption processes require a knowledge workers strategy to develop the necessary worker skills.

A better knowledge management can improve productivity by enabling “organisational inno-
vation”. Economic and social innovations are generated by the creative application of technical knowledge. The greatest benefits from knowledge management appear to be realized when ICT investment is combined with other organisational assets, such as better knowledge workers skills, new business processes, and new organisational structures.

Organizational changes may improve performance enhancement of firms through their capacity to take advantage of their knowledge workers skills, guiding their efforts to facilitating new organisational strategic movements. Knowledge workers may enable firms to introduce significant organisational changes in the areas of re-engineering, decentralisation, new products, new services, and flexible work arrangements.

When they are strongly motivated they allow organizations to produce with greater flexibility to satisfy shifting consumer preferences. In fact, organisational innovation and knowledge workers may be regarded as complementary factors. For instance, multinational corporations in the chemical and pharmaceutical industry increasingly explore global innovative networks also based on research activities conducted by their best knowledge workers.

To plan initiatives around organizational innovation or to bolster innovation requires a solid grasp of the innovation process in which knowledge workers can play a decisive role.

BUILDING ORGANIZATIONAL INNOVATION

The organizational abilities to generate and gain from innovation are sources of durable advantages of firms. As technological innovation is an organized process, more research on the existence, diffusion and effectiveness of organizational innovations and new management practices is needed.

As a complex concept “Organizational innovation” includes several dimensions, such as competitive strategy (i.e. role of innovation, costs, knowledge, personnel, and technologies); structural characteristics of the organization such as hierarchy, functional lines, and organizational boundaries; work processes including the use of different production inputs, the flow of work, job design, work allocation, and use of suppliers and subcontractors; and industrial relation practices involving the strategies and institutional structures affecting the labour-management relationship.

In another perspective, organizational changes include three broad streams:

1. the restructuring of production processes, which include business reengineering, downsizing, flexible work arrangements, outsourcing, greater integration among functional lines, and decentralization;
2. product/service quality-related practices emphasizing total quality management and improving coordination with customers/suppliers; and
3. human resource management practices, which include performance-based pay, institutional structures affecting the labour-management relations, flexible job design, employee involvement, and improving employees’ skills.

By improving the employees’ skills in what concerns knowledge acquisition, top management can attract and retain better qualified knowledge workers, that is, technicians charged with creating and evaluating knowledge, thinking creatively, analyzing and solving business problems, and contributing to organizational innovation.

Scientific knowledge and its resulting advances constitute decisive factors into an arena for organization development, namely, organizational innovation. Nowadays the characteristics of the economy and its movements demand that scientific and technological knowledge assets should be managed in a creative way. The fundamental unit of this new economy will no longer be the