

## **THE MIND OF MAN - CATALYST OF ORGANIZATION 21ST CENTURY**

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**Abstract:** This article focus on the importance of accepting the modern concept of operations that is based on management knowledge, organizations that learns and human capital, as the most important resource today, which leads us to the conclusion that the key and dominant development resources of modern economy, in the entire world, are applied knowledge, education and science. Therefore, building a society based on knowledge becomes a basic imperative of the global economy in which intellectual capital plays a key role.

**Key words:** knowledge management, knowledge organisation, knowledge based society, intellectual capital, human resources....

### **INTRODUCTION**

Lately, we have witnessed the turbulent, radical dynamic changes, both in the field of social and political relations and in the field of economy as well. All these changes require the adoption of new business philosophy and in accordance with it, the ability of organizations to accept modern business concept.

Development concept of the society aimed at knowledge society puts the personality and its knowledge with the application of information technologies, especially information and expert systems, computer networks, as well as the Internet, into the focus of the driving mechanism of modern development. Development of the sector of information and communication technologies, production and usage of new materials, robotics, microelectronics, genetic engineering and other economic sectors, has led up to that today, a key determinant of a country's national wealth is an ability of the generation of new knowledge, ideas, innovation, technologies, as well as creation and disposition with human capital. Therefore, instead of previous concept of natural comparative advantages (natural resources, fertile land, mineral springs and capital available), the speed of information creation, as well as the ability of an economy to transform the achieved theoretical knowledge into new technologies, emerge as crucial factors of growth and development of national economy.

The aforementioned is also confirmed by Peter Drucker in his book "Innovations and entrepreneurship" (1996), in which he speaks about the fact that new technologies are not only new materials, processes and activities, but those also include new knowledge about production processes and all management activities that are used in modern business of organization, on which knowledge management is based.

It can be said that all those intensive changes in environment, changes of legal regulations, accelerated development of technique and technology represent only some of the factors that affect the operating of enterprise, its position in the competition, as well as position in the market. Thus, there appears question about the way in which those changes should be accepted, how should we adapt to them, i.e. how should we cope with the challenges that modern concept of economy sets before us! The only right answer to previously asked questions is constant learning, education and training, both of the individuals and the entire organization.

### **1. DEVELOPMENT CONCEPT OF KNOWLEDGE-BASED SOCIETY**

The term "knowledge society" is related to the guru of American management, Peter Drucker, who is also considered to be the father of modern management and who

points out to the crucial role of knowledge in structuring global society in his books: *Management in practice* (1954), *Post-capitalist society* (1993), *My view of the management* (1998). He, as well as other theorists of knowledge society, considers that the role of knowledge in modern society is such that entire organization and its development are actually based precisely on it.

In the last few years, we frequently encounter the expression “knowledge based society” or the society based on knowledge! Unlike previous periods, when the participation of physical labour was rather high, primarily at the time of domination of agricultural society where the knowledge was applied in order to increase the physical strength of the man, and unlike the period of industrial society, where the knowledge was applied on production means and products, society based on knowledge is a period of scientific and technological progress of society in which the information, i.e. knowledge plays a major role in development of modern economies. Here, the knowledge is in the function of creativity and innovativity that represent a basis for development of competitive advantages and sustainability of organization in a continuous game in the global market.

Knowledge society is a society in which the institutions and organizations enable people and information to develop without constraints, in which there are open possibilities for acquiring all types of mass-produced and mass-used knowledge within entire society. Some authors refer to this society as “intelligent society”, because the knowledge in this case in a main resource, because here we have a developed information structure, it is invested in education and science, individuality is highly evaluated, as well as the ability and creativity of individuals and organizations. Education system is also one of the main developmental levers on the path that leads to knowledge society, because it enables the society to be oriented to innovations, to keep learning and be able to fit into cooperative and competitive structures of modern world. “An educated man in modern society is aware of the fact that the more he learns about the world, the more detailed and precise is his Socratic knowledge of ignorance” (Mihajlović, B. E magazin, no 50 ).

Research carried out at *Stanford University, USA*, has shown that overall human knowledge was created up to 1900, doubled until 1950, and since then it is doubled each 5-8 years. This fascinating data has unexpected implications for both our private and our business life, because it is very difficult to predict what knowledge and skills will be necessary for the next 10 years. It means that the knowledge of every single one of us should be doubled every 2-3 years so that we could keep pace with changes and those who do not do this, they will inevitably fall behind.

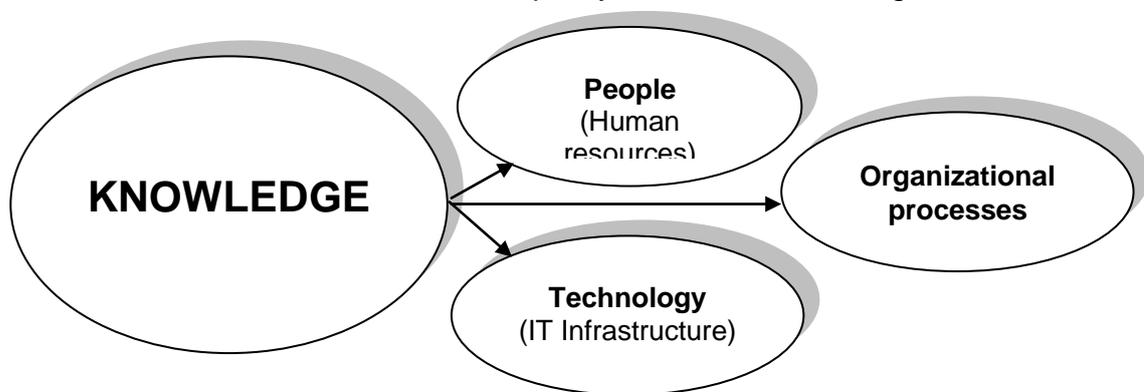
## **2. KNOWLEDGE MANAGEMENT CONCEPT**

In terms of current dynamic scientific and technological progress, increasing significance is attributed to knowledge management as a process of creation, inclusion, storage, sharing and continuous application of new knowledge in organization. It means that modern economy seeks for a well-trained, adaptable, educated, professional labour, so that permanent education, training of employees and managers, represents an inseparable part of a successful development policy of every organization.

Knowledge management refers to collective knowledge of one organization that includes experiences, competencies, skills, data and information that enable the individuals at all education levels to perform their tasks as professional and efficient as possible, which contributes to the accomplishment of overall goals of organization. More precisely, it is about connecting the skills of the appropriate people so that the exchange, reasoning and their common action would become instinctive part of everyday organization’s operation.

Since the knowledge today is a key organizational resource, contemporary organizations increasingly become dependent on the knowledge and also they become less dependent on other material resources, so, the following question became very important: How to acquire and develop the knowledge in the function of organizational goals? Therefore, it is not sufficient that knowledge enters the organization, but it is necessary that it is encouraged, developed and improved during the entire working life. Precisely knowledge management has an active role in that domain, i.e. in collecting, directing and development of knowledge in organizations.

The essence of management is in the fact that it includes human, organizational and technological factors that overlap and complement each other (Figure 1), on which internal knowledge is applied and the knowledge that is selectively collected from external sources, which represents the most effective use of intellectual capital in organization. By “intellectual capital”, we imply all the knowledge in organization that is applicable and that has a practical benefit, i.e. that creates new quality or new value for organization.



**Figure 1. Overlapping of human, organizational and technological factors of knowledge management**

For a successful development of the concept of knowledge management, overall organizational environment is important, which includes the system of values, beliefs and behaviour models that the employees acquire by common work; in one word, the organizational culture is important. Since there are various types of organizational cultures (power culture, role culture, tasks culture and support culture), although it is important to remember that only the tasks culture is open for development and generation of individual and collective knowledge and adaptation to changes.

It is necessary for the knowledge management to be incorporated in corporate culture, both in individual, as well as organizational philosophy, i.e. it is necessary to make the knowledge available both to employees and the organization as a whole, in order to encourage their mutual cooperation that further leads to the exchange of information that are necessary for the realization of organizational goals and achievement of greater productivity and efficiency in work!

In addition, a real benefit of cooperation is innovation, and the basis of knowledge management is actually the creation of innovation and encouragement of creativity in organization.

### **3. NEED FOR LEARNING ORGANIZATION**

*Peter Senji*, author of the book “*The fifth discipline*” (1990), in which it is spoken about ability and practice of learning organizations, claims that competitive advantage of any type of organizations lies in their ability to learn more rapid than the competition, to collect, share and constantly increase the knowledge among all employees, but also with

the partners and clients form the environment. Today, many organizations are aware of the fact that the only way to gain and retain competitive advantage is to “learn faster than the competition”. For that reason, increasing number of companies aim at adopting and applying the concept of “learning organization” in order to achieve the advantage in turbulent global market.

Organizations that learn are, first of all, ready for a rapid response to buyers’ desires, comprehension of new technological achievements and their applications, readiness for innovation, adaptability to changes that come from the environment.... Within them, learning and information exchange is encouraged among the employees, and thus, more productive and educated labour is created. However, organizational learning includes all processes that refer to the acquisition of new knowledge, skills, manners of behaviour in organization, where newly-discovered successful solutions in problems management become a part of knowledge management basis, and even entire organization. Such organizations deal with creating, collecting, as well as modifying their behaviour in order to reach a particular new knowledge and vision that they will follow.

Learning organization always moves forward, because it is based on values such as permanent adaptation to changes, constant improvement of employees, encouragement of creative and new ideas, encouragement of the attitude that the organization as a whole is always more important than its individual parts, even the orientation towards an organization “without limits” that implies free movement of people, ideas and information, which brings to the reduction of barriers between organizational parts. For that reason, the culture of a learning organization is such that it creates the sense of community, equality and openness.

The very concept of learning organization can be applied on various structures and sizes of organization and it implies systematic resolution of problems, experimenting with new ideas, continuous learning and modification of knowledge through experience. Based on these facts, *Peter Sengi* has developed a concept of learning organization, which is based on following characteristics:

1. personal mastery- all the employees are responsible for personal mastery and expansion of personal skills
2. mental models – learning organization needs to create various mental models that will improve its competitive position
3. shared vision – by shared vision, we accomplish the integrity of employees and also a commitment to the group is built, the directing of organization is also done
4. team learning – employees, through the work in a team, accomplish organizational goals more rapidly and easily, by joint problem-solving and joint work.
5. systems thinking – professional resolution of system problems, systems process of research and communication and systems thinking that helps us to understand the forces and internal relations in behaviour of the system as a whole.

The need for a learning organization is big, because within them people permanently expand their knowledge necessary for achievement of desired results, there are new expansive models of thinking developed within it and collective cooperation between employees is encouraged, which affects the creation of a positive business atmosphere within organization.

## **CONCLUSION**

Significance of knowledge management, as a concept of collective knowledge is great because the unpredictable and competitive environment dictates the conditions for survival and development of organization within it, and the success of an organization in

such conditions exclusively depends on the organization's skills to adapt to the dynamics of such way of operating. Knowledge management represents a process of professional acquisition, transfer, use and storage of knowledge in order to obtain advantage, power and prestige in relation to the competition and other business subjects and it aims at increasing the efficiency and effectiveness of an organization, enabling the employees to accomplish both their goals, as well as goals of the organization as a whole, on the basis of their knowledge, abilities and skills and the information necessary to accomplish those goals. This represents one of the best ways to use intellectual capital, which today occupies crucial position as main resource that provides competitiveness to the organization, both on national and global level. One of the best examples for this is the company *Microsoft, owned by Bill Gates*, which has become one of the largest companies-leaders owing to the knowledge of its employees.

In new society, based on knowledge, the organizations are focused on human capital, as the most important part of intellectual capital, because it includes a combination of knowledge, skills, innovativity and ability of employees in meeting their work tasks, and creates the value, culture and philosophy of the company. For that reason, the professional, motivated, competent employees, who have a main goal to create values for their company, are actually its most valuable property, so the companies throughout the world try to turn the competences of their employees into collective knowledge, which remains the property of the company.

"In the end, the centre of new economy is not in technology, micro chip or global telecommunication networks. It is in human mind." (Weber, A. What's so new about the new economy?, Harvard Business Review, January, 1993).

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