

Agility and inter-organizational relations as elements of creating knowledge in an organization

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ABSTRACT

Knowledge and abilities of employees are the most important tools that serve the development of each organization. The dynamics of changes in modern economy requires from the people who manage an organization to have extremely high competences. This is dictated by an increasing competitiveness and constant pursuit to increase the value of the organization. The speed of changes that happen during this process is so big that it forces organization to make fast responses to emerging market opportunities. The use of such situations may direct the organization towards becoming an agile organization. Agility of an organization is one of the latest concepts which concerns both the organization itself as well as people employed in it. Therefore, the best solution is a process approach to creating and implementing organizational goals. One of the most important factors facilitating this process is the synergy of knowledge and possibilities of all organization's intangible resources. In this article the most important dependencies that condition the agility of an organization have been described.

Keywords: organization as a process, knowledge, agility.

INTRODUCTION

Achieving success is the goal each organization faces no matter what business profile it has. The solution on how to guide an organization through this process is extremely complex. The goal of modern organizations is development of business models that would facilitate the achievement of assumed goals. Managing the market in which each organization operates becomes a system that controls creating organizational strategy. Managing the market in which each organization operates becomes a system that controls the development, creating a strategy of each organization.

Management since the beginning of the 21st century is a permanent search for modern systemic solutions which purpose is to increase the effectiveness of organizations. It results from the increasing confrontation between different areas of business activity of particular parts of the globe competing with each other. Contemporary organizations face the challenges typical of the current stage of civilization and economic development. An ability to read these challenges by managers in a proper way is a decisive factor that predestines the level and way of reacting to increasingly difficult external conditions.

Constant search for new solutions that could guarantee the development or even a survival should be based on knowledge, skills and teamwork. Such approach, accompanied by a good communication process, seeking for new market opportunities, increasing the level of competence, should create an effective imperative of the management in an organization.

ORGANIZATION IN A PROCESS MEANING

One of the most important problems of modern times, in the era of constant changes of business and social environment is the fulfillment of the requirements of all members of the organization. This results in the need to increase the level of competencies of the members of management of an organization, and the necessity to increase the engagement of all employees in an organization in pursuing daily and strategic goals.

In the real social and economic mechanism, decisive is the interaction of the past and the future as it influences the present [1].

Interpersonal relations at work may result in a given person being satisfied or not from his professional situation. As we may read, positive interpersonal relations may become [...] a solid foundation for social support, [...] they may also be a source of synergy because [...] people who support each other and who work well with each other can do much more than people who do not support each other and who do not work with each other "[2].

Organizations that aim to achieve a high level of knowledge application have to be able to use emerging market opportunities better, and implement them well, as it would make possible to call such organizations, „dynamic and developing”. For an organization to develop, it is essential to be able to read signals from the environment, interpret facts and events, develop useful knowledge from data and information obtained from external sources [3].

Organization in a process meaning should be understood as a mutual interdependence not only inside but also outside the environment. The achievement of goals must be made through interdependence which is cooperation and business partnership with other entities. Practically, there are no self-sustaining business entities which could operate effectively on their own and lead the enterprise to absolute development in an efficient and comprehensive manner. The entire business activity is a continuous process that is the fundamental component of an organization. By definition it can be presented in a form of a diagram of flow and changed under the influence of efficiency.

In practice, processes are most often benchmarked and they are improved by principles of Business Process Reengineering [4]. Process orientation of an organization "forces" to change paradigms, often based on rationalism, where knowledge and the experience of human behavior has evolved. It may be, by referring to the semiotics of communication, especially in organizations, indicate the importance of "systems of creation," interpretation and transmission of all messages, those entropic ones and those of high redundancy. Creation and management in such a complex structure which the process organization is must be based on the professional management of message flows. Only in that way the process of information absorption will be adopted.

The process organization when it is in the *process stage of organizational structure*, may be identified as a horizontal organization based on process management. This means that there followed a balance between the roles of processes and functional areas between cells, decentralization of decisions and the effective implementation of information systems. Companies, organizations that have applied state-of-the-art technology in process management have achieved short-term return on investment. The use of the latest technology, in turn, requires good organization and properly prepared people. And this, in turn, requires the knowledge and observing the principles of effective communication. These processes are complementary. Horizontal organizations may be distinguished from functional organizations by a point of reference in the analysis of the activities of particular organizational areas. In a

horizontal organization, each process is verified by the level of value assessed by the customer. In the functional structure, the measurement refers to implementation of tasks and it is assessed the managers responsible for it. Functional organization focuses more on such issues as which products or services should be delivered to the market and it is more oriented to their internal problems than relationship with the external environment. In classical organizational structures it may be observed, however, that internal problems are solved by using external entities. Such organizations lack the course of the whole process.

It manages only by its fragments. Process organization puts an emphasis on the overall and methodical scope of implement work.

KNOWLEDGE IN ORGANIZATION

One of the designations of the existence and duration of the management process is the existence of a flow of information in the managed system. It is not important here, whether the exchange process is carried out between the entity and the subject of management or between the manager and the environment of the organization. Undertaking decision by the managers is conditioned on one hand by providing the necessary information to the decision-maker, on the other hand, the decisions that have been transformed into information should effectively reach the person that carries them out. In order for this process to proceed properly, a necessary or even fundamental element is and always will be knowledge.

Knowledge is one of the elements that influence the development of an organization. It can, therefore, be assumed that organizations naturally aspire to exploit the potential of knowledge that is the basis for the knowledge based economy. Knowledge, as the most important asset of any organization is created by its intellectual assets. Knowledge is defined as judgments or beliefs. Knowledge is strongly connected with such factors as culture, ethics, intuition, working conditions, and management style [5].

For many people, knowledge is an ambiguous concept, which in addition is often confused with data or information, especially in organizations where these terms are used interchangeably. According to Davenport and Prusak, data are separate objective facts that may take the form of subordinated records of operations performed by the organization. The knowledge resources that an organization has may be of an open or conscious or hidden nature such that needs to be stimulated or extracted.

An organization which functioning is based on a high level of knowledge may be described as an intelligent organization. A knowledge-based company is a smart company that builds its competitive advantage on a global external environment based on competencies that distinguish it from other entities, which are constantly improving through ongoing learning and acquiring new knowledge, its dissemination and application in the conducted activity [6]. Knowledge resources also include data and information, based on which individual and collective knowledge is built. Knowledge resources are constantly changing, which is a manifestation of the organization's learning process [7].

In organization, knowledge is often embedded not only in documents or collections of knowledge but also in organizational processes and organizational procedures, in pragmatics and norms of action [8]. A knowledge-based organization is one whose structure is subordinated to and aimed at creating added value based on the efficient use of knowledge [9]. Factors determining the functioning of organizational knowledge may be classified as such

which result from the structure of an organization itself and those that derive from organizational connections with the external environment.

The essence of internal factors constitutes the organizational culture, the quality of the IT process, the level of the strategy, and the flexibility approach to the environment. External factors, that is, those which are in a sphere outside the organization, include, most often the level of innovation, legal status, or progress in human capital development. The development of an organization where knowledge is the foundation of its development will foster seeking market opportunities, as they create progress and the development of the organization.

The flow of information and proper use of it is a good predictor for the organization's development. Knowledge and information are becoming main factors that drive the "life" of an organization, increasing its effectiveness. They are becoming attractive to an organization as "(...) only that exists what can be measured [10].

The increase of the possibility to reach information combined with changes in the economic reality makes that information-based knowledge more and more often is regarded as an important capital of a modern organization, which, when used effectively, becomes a source of competitive advantage [11]. Knowledge is thus the practical use of information that is important to a given process. Knowledge is created by people and from their education, experience, skills, and degree of involvement depends the way how information will be acquired and used in an organization. Extensive knowledge on a particular topic in combination with pragmatism is defined as wisdom: "skill and the ability of people and organizations to create and acquire knowledge and learn it through the skillful transformation of data and information between people and organizations "[12].

AGILITY OF AN ORGANIZATION

Organizations, especially those of a business nature, constantly build and maintain relationships with their environment and, as a result, give new meanings to business processes. In order for this to take place, new concepts and management methods must be sought and the existing ones must be improved. One of such is the concept of an agile organization understood as one which responds to changes in the market environment quickly and decisively, thus taking advantage of emerging opportunities. The creators of the agility concept - the Iacocca Institute from Lehigh University, USA, defined it as a production system which has the ability to implement hard and soft technologies. They argued that efficiency should be understood as the effective application of competition rules such as speed, flexibility and innovation. Despite their differences, the available definitions of the concept emphasize the fact that speed and flexibility are the basic characteristics of an agile organization. Therefore, an agile enterprise should be able to deal quickly and effectively with unpredictable changing markets [13].

Most of the literature on agility only discusses strategies and techniques. Few works solve the conceptualization and development of integrated approach to the term *agile* as an enterprise concept. However, several *agile* frameworks based on different definitions and ways of understanding may be found in the world literature. A review of some approaches to *agility* has been made to identify main elements and agility attributes of an enterprise. Goldman has developed four major strategic dimensions that emphasize the achievement of *agile* competitive ability.

Authors suggest that any company is able to create a program of achieving *agility* based on an audit that addresses the *agility* dimensions of the present and future operations in the

organization. The proposed strategic dimensions of *agility* include: customer enrichment, cooperation to increase competitiveness, permanent organization of changes, and the use of the influence of people and information. Enriching your customers means delivering value and solutions to them, not products. In order to adapt products to market as quickly and efficiently as possible, it is necessary to use all existing resources independently of their location and to cooperate internally with other companies. Successful stimulation of change requires flexible organizational structures that will allow rapid reconfiguration of human and physical resources.

According to Goldman and others *agile competitive environment* is such where people's skills, knowledge and experience are the key factors that distinguish and differentiate organizations. Continuous education and development of skills among employees is an integral part of agility, which is decisive in the process of the future success of the organization.

According to Jackson and Johansson, agility is not the goal in itself, but an indispensable tool for maintaining competitiveness on the market. Agility is based on several possibilities that exist in three main dimensions of a company: production, product and market size. Jackson and Johansson divide the agility into four main dimensions: possibility of change connected with the product, change in competence as part of the business activity, internal and external cooperation and people, knowledge and creativity.

The first dimension is related to the product strategy and the operations that are necessary to conduct in response to changes and market instability. The second dimension refers to the ability of the departments of an enterprise to cooperate with each other and the ability of the entire enterprise to cooperate with suppliers and customers. The final dimension refers to the need to use knowledge and employee skills as the basis of all activities that concern the turbulent market changes. Yusuf and others have identified competitive fundamentals of *agility*: speed, flexibility, innovation, proactivity, quality and profitability. In this context, the author claimed that proposed fundamentals of competitiveness are the primary *agile* features that must be achieved in synergy.

There are three aspects of agility at different levels of the company. Basic efficiency refers to individual resources (people, machines and management); micro-agility refers to an enterprise, and macro-agility to the level of international companies.

Such assumptions consist of four basic *agile* concepts: core of competence management, virtual company creation, ability to re-configure, knowledge-based enterprise. Key competencies related to employees and corporate products are identified at individual and company level. The company's core competencies are the result of the whole process of corporate activity, integration of different skills and technologies, organization of work and the ability to cooperate between organizations, sometimes taking on a virtual character. A virtual enterprise is the integration of core competencies, distributed between several organizations with similar supply line. According to Yusuf and others "the development of a strategy that presents a wide range of basic skills of a team, may allow an organization to make rapid changes and allow to reconfigure business as soon as the opportunity arises.

In *agile* organization there is an extremely fluid flow of information which is beneficial taking into account the variety and complexity of the functional areas. H.M. Hormozi interprets the essence of agile approach as an innovative method of production that is capable of creating a significant competitive advantage. Innovation is the basic tool for realizing the concept of

agility and leading to significant organizational changes. It determines and stimulates the whole organization. It often determines the main source of competitive advantage.

Innovations become a decisive factor not only for the development and the expansion of the organization, but above all, for its survival. Generally, innovation can be understood as the introduction of new things, ideas or ways of doing things [14]. Innovations (...) are understood as changes made predictively and deliberately which are based on substituting previous states with others - positively assessed in the light of the criteria of a given organization - and concurring to its development and progress in management. The process of innovation should best be developed irregularly, not in accordance with conventions, and above all in a positive way.

Without it, we will rarely have the energy or strength to question status quo, withstand heavy attempts to deliver new ideas to clients [15]. This undoubtedly difficult process depends, among other things on "skillful reading" information both from inside and outside the organization. The organization needs to read signals from the environment, interpret facts and events, develop useful knowledge from data and information obtained from external sources [16].

Innovations are now implemented by all organizations, not just new ones and those that wish to enter new markets or new customers, as well as by stabilized, well prospering companies. Companies that do not innovate fall into a trap where innovation impossibility weakens competition, harms their market position and profitability.

Contemporary organizations must become a "space" for innovation, open to novelty, perceiving problems from different perspectives, sensitive to signals and market challenges and ready to introduce adaptive changes.

It must, therefore, develop its own innovation, providing professional management and creating attractive conditions for people who are prone to it. Innovation is today a key to the competition strategy and its foundation. The pace of new product launching is currently frenetic and the failure rate is high [17].

This concept is based on building a community of employees who understand each other well and creative partners. It implies improving structures and brings meeting expectations closer. In such organizations, the most important are intangible resources, including the knowledge at the disposal of the most outstanding individuals: highly qualified, passionate, energetic and ambitious, following professional standards and principles [18]. Company intelligence always in a large extent influences the ability to create and use of innovation understood as a collection of creative professionals. It decides the way a company uses its opportunities and possibilities, the way it adapts to new situations, creates and introduces new concepts and solutions that meet the needs of the environment. Innovation and creativity become today one of the most important factors in the development of the organization and account for its existence [19].

CONCLUSIONS

Agility concept of an organization is determined by such factors as the level of knowledge, the quality of the strategy, the level of the information processes as well as the information processes [20]. The type of organizational structure is also important. Process-type organizations have better possibilities to respond to the organization's environment and a far better structure that allows for more flexible use of decision-making processes. Evolutionary

processes in organization are the result of acquiring knowledge from external and internal sources, as well as the quality of the implementation of newly acquired knowledge.

The dynamics of changes that occur during this process is so great that it forces the rapid responses of an organization to emerging market opportunities. The use of such situations may direct the organization toward an *agile* organization. One of the most important factors facilitating this process will be the synergy of knowledge, inter-organizational relations and the intangible assets of each organization.

Proper selection and continuous development of human capital resources of an organization become essential processes based on precise recruitment process and staff training. Therefore, social competences and teamwork skills are gaining in importance. To implement the above effectively, it is necessary to improve knowledge combined with building effective relations inside and outside the organization. Such change is a continuous process of development of every organization.

It causes or even forces an organization to constantly learn and deepen skills. There is no doubt that Bauman's philosophy of organization management, based to a great extent on the business theory in an unprecedented manner has been outdated. Contemporary organizations are looking for new concepts and solutions in the area of organizational behaviors. These solutions constitute an integral part of management, based on continuous synergy and interdisciplinarity of many fields of science leading to development of an organization. This article highlighted most important dependencies determining the agility of an organization in the context of external conditions.

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