

Knowledge Management, as the Key Factor of Survival in New Competition Age

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ABSTRACT

In accordance with Darwin's theory about "Survival of the fittest", whoever has better adapted himself to circumstances, will remain and continue the life, and vice versa, whoever can not do that, will die. If we consider organization as a biological organism, organization is essentially a special group that tries to survive and accord in a special environment, because organization, basically, is the thing that human has made it for the survival of himself. The biggest difference between human and other existing species that has conducted him to remain, progress, and development during many years, is the ability of thinking that others have very little quotient of that or don't have at all. History has shown that many existing species that have been apparently bigger and stronger than human, like dinosaurs, have died because of their incongruity and discordance with circumstances, but human, this apparently weak species, is continuing the life with using the essential factor of thinking and making decision. Organization contains people, and the most important factor that can help it to remain, consolidate, and surpass the competitors, in this knowledge-based economy, is thinking and using the powerful mind of organization, because nowadays, after many years from Industrial Revolution, with three production factors of land, capital and labor, in the century of information and creating organized R&D, knowledge and management have become the most important factors of production, and those organizations which better use these two factors, are more successful and permanent. Thus creating and then continues improvement of knowledge management in organization, as a process that create the "mind of organization", is inevitable, and during this course, not only knowledge of the organization's members will be gather and according to the role of the synergy, total knowledge of a group is more than all their individual knowledge, but also available data and information from environment, specially from customers, would constantly enter as the fuel of organization's mind and lead to develop "the mind of organization" which the result of that is performance found on the internal and external circumstances of organization, and finally "survival of the organization as the fittest". This paper is going to consider and survey creating this principle of the survival of organization (the mind of organization) and improve that, technologically and socially.

Keywords: Survival of the fittest, Knowledge management, Organizational memory, Organizational mind.

1. INTRODUCTION

In accordance with Darwin's theory about "survival of the fittest", whoever has better adapted himself to circumstances, will remain and continue the life, and vice versa, whoever can not do that, will die. Because due to resource limitation, there has been a continues competition between different existing species for survival. As Henderson has explained in his paper (The origin of strategy), competition began with life itself. The first one-cell organization required certain resources to maintain life. When these resources were adequate, the number grew from one generation to the next. As life evolved, these organisms became a resource for more

Complex forms of life, and so on up the food chain (Henderson, 1989). Human being may be at the top of the ecological chain, but we are still members of the ecological community, and therefore, no aspect of human life is untouched by Darwin's theory of evolution-survival of the fittest (Lessem, 1998).

Darwin's theory has shown, in the best way, how some existing species have been remained and how, some of them like dinosaurs, in spite of being bigger and stronger, have died. When any pair of species competed

for some essential resource, sooner or later one displaced the other (Henderson, 1989). In the other word, the fittest survive and prosper until they displaced their competitors or outgrow their resources (Henderson, 1989). Today more than a million distinct existing species has been cataloged, each with some unique advantage in competing for the resources it requires. At any given time, thousands of species are becoming extinct and thousands more are emerging (Henderson, 1989). The species that remain in this competition, have adapted themselves to environment by different unique ways, and human, as a kind of species, since a few millions years ago has also dealt with this competition. Living in an unstable and ever-changing environment has been his challenge and has constantly struggled for remaining and survival. History shows that the challenging way of survival has not been always the same, and has been changed in different times. Considering, Alvin Toffler's segmentation, as a base of this analyses, we can find that, human was exactly living like animals in "the age of Hunting", he has been ever in chasing and escaping, He did not have any fixed place and was continuously looking for other places for better hunting. But reviewing the archeological findings shows that, human; even at those starting days, has used from his mind, although simply. After that, with

emerging “the age of agriculture” and finding the importance of land, human has been gradually depended to the land, because he found to improve and develop his life and accord with circumstances that have surrounded him, again using the key factor of MIND. Furthermore, in this age, human, depending on the land and changing from wandering to dwelling, has gradually found the importance of co-operation and so has created the first step of emerging organization as a group of a people. In the next age, creating vapor machine and then Industrial revolution, has reduced the importance of land, as the most important factor of production, and has focused on capital, and whoever had more capital could better compete and remain in the field of competition. Big factories were created in this age and started mass production and distribution of uniform products in markets. After that emerging scientific management, has increased the importance of thinking, decision making and planning and it gradually lead to another evolution in human’s life, with using the power of MIND and thinking.

Inventing computer, developed the use of data, and prepared a field in order to gathering, analyzing, storing and applying it, and then creating internet, led to a limitless and high speed communication, with low cost, and all of these events caused to a basic change over, that reduced the role of traditional production factors and increased the importance of data as the base of businesses. In new age that is called “the age of network and digital economy” or “the age of information”, nobody and no organization is not able to be successful individually. Borderless and high speed communication, link organization and their customers together, and therefore survival of each, strongly depends to another.

In this new age that philosophers called postmodernism, data, information, and knowledge are playing the biggest role in the field of competition, because according to the postmodernism, market is customer's mind, and therefore it is not possible to obtain this post modern's complicated and ever-changing market, without proper knowledge. The postmodern consumer takes on multiple, sometimes even contradictory projects, to which s/he is marginally and momentarily committed, not taking anyone too seriously. This loose of commitment is observed in all walks of life. The consumer of postmodern culture appreciates and enjoys the paradox and the playfulness, the difference and the stair that such juxtapositions provide and enable. Contemporary actions of consumers tend to indicate that they maybe more "fickle" than explainable and, therefore, predictable. Consumers frequently change their self-concepts, characters, values and etc (Firat, Dholakia, Venkatesh, 1994).

So appropriate using of data, as the base of information and knowledge, is the most critical factor of the survival of organization, and nowadays, as a matter of fact,

gathering and optimum using of data is the biggest fear and apprehension of organizations.

As mentioned, the concept of organization has been strongly changed during different ages (since the age of agriculture up to now), and today, structure of the organization is quite different.

2. ORGANIZATION AS A WAY TO SURVIVAL

The great social transformations in history have been essentially organizationally based. The Roman Empire, the spread of Christianity, the growth and development of Capitalism and Socialism, and the current changes taking place in both Capitalism and Socialism have been and are accomplished through organizations (Hall, 1991).

Depending on the land, and finding the importance of living together and co-operation, created the first step of emerging the organization during the age of agriculture, and this course has developed and progressed up to now. Organizations are made of people and their relationships with one another (Daft, 1998).

This paper emphasizes that emergence of the organization, is essentially an attempt to the survival of human, which is not able to compete with competitors, individually. So, organization for human is a devise to accord him better with environment. The organizations are, fundamentally, social groups attempting to adapt and survive in their particular circumstances. Thus, formal organizations, like all other social groups, are governed by one overriding goal: survival (Scott, 1987). Thus organization strives to survive and to maintaining its equilibrium. And as Morgan says, organizations are open systems that need careful management to satisfy and balance internal needs and to adapt to environmental circumstances (Morgan, 1997).

The instinct of the survival of organization is due to some people who are beneficiary in organization, because organization is the source of power, wealth, prosperity, or dignity for them, so the desire of this group of the people, for keeping organization is usual, and in fact, they can help themselves to remain and progress, by keeping and developing organization. But this organization that is made in order to better accordance and finally survival, has some continues challenges in dealing with environment and competition. Hennis and Freeman in their article “The population economy of organization” have mentioned that, there are a number of obvious limitations on the ability of organizations to adapt. That is, there are a number of processes that generate structural inertia. The stronger the pressure, the lower the organizations’ adaptive flexibility and more likely that the logic of environmental selection is appropriated. In each distinguishable environmental configuration one finds, in equilibrium, only that organizational form optimally

adapted to the demands of the environment. In the other word, selection eliminates the weakest competitors (Shafritz, Steven ott, 1992).

So organization, like the other species in contact with environment and circumstances, accord and survive, or will be force to defeat and passing life. The environment selects out optimal combinations of organization (Shafritz, Steven ott, 1992). When any pair of species competed for some essential resource, sooner or latter one displaced the other (Henderson, 1989). As long as the resources with sustain organization are finite and populations have unlimited capacity to expand, competition must ensure (Shafritz, Steven ott, 1992). If every business could grow indefinitely, the total market would grow to an infinite size on a finite earth. It has never happened. Competitors perpetually crowd each other out (Henderson, 1989). Therefore, the organization that human has created for the survival, requires finding an appropriate solution for survival, in the complicated field of competition with other organization. This competition has strongly had a jumpy growth in the new age and has dramatically increased the speed of birth and death of organization. So that nowadays few organizations experience third decade of their life.

3. NEW COMPETITION AGE

The history of human's life, achieving to the land, gold and oil, has been the source of power and wealth. But suddenly, it was changed and knowledge was replaced. As a mater of fact, knowledge is the foundation stone of wealth (based on Lester Thurow,, 2000).

Today, the competitiveness of the firm relies less on traditional factors (capital, land and labor) than was true in the past (Sher and Lee, 2004). Moreover, knowledge will become not just a source of competitive advantage, but also the only source of it (Drucker, 1993).

In the twenty-first century landscape, firms must compete in a complex and challenging context that is being transformed by many factors, from globalization, technological development, and increasing rapid diffusion of new technology, to the development and use of knowledge (Hitt, Keats and Marie, 1998). And as Marquardte says, We live in the global age (Marquardte, 1999). This new landscape requiring firms to do things differently in order to survive and prosper. Specifically, they must look to new sources of competitive advantage and engage in new form of competition (Jackson, Hitt, Denisi, 2003).

Therefore, organization was essentially faced to a complicated competition, because the priority of ever-changing data, information and knowledge. Peter Drucker says that: Increasingly, successful organizations are building competitive advantage through less controlling and more learning- that is,

through continually creating and sharing new knowledge (Drucker, etal. 1997).

And we emphasize that; knowledge management is the best way to adapting circumstances and achieving competitive advantage.

Most organizations today are focused on the value of knowledge (Plessis and Boon, 2004). Knowledge management equips organization to the same thing that was the factor of human's survival, during a few million years ago, and this determinant and effective factor is "Mind".

4. KNOWLEDGE MANAGEMENT

As we have mentioned above, today, knowledge has been becoming the main source of the organization, moreover knowledge will become not just a source of competitive advantage, but also the only source of it (Drucker, 1993).

Current management interests are also focused on knowledge management as a major determinant of business excellence and competitive advantage (Sher and Lee, 2004).

Primarily knowledge is about the way human being has constantly evolved and learnt from his experience. It is the embodiment of this soul experience; it is about his ability to analyzing it and passing on to the next generation. Even in the corporate context the sentiments may not change (Raman, 2003).

Organization, as a group of people, is consist of different individual minds and we constantly believe that an organization that wants to remain and survive in this knowledge-based environment, must equip himself to an integrated MIND. Knowledge management, as a powerful competitive weapon (Chang, 2004), is exactly the same thing that can lead to emerging a sustained competitive advantage in the complicated field of competition, with elaborate configuring of organization's MIND. In the other word, knowledge management is the key distinguishing factor of successful firms (Lee and Cho, 2003), and has also been described for its possible role in creating sustained competitive advantage for organization (Grant, 1996; Johansson and Olsen, 2003; and Lad and Wilson, 1994). Likewise, firms with high knowledge management capability in a key area should be able to respond very quickly to strategic moves by competitors (Gold etal, 2001), in order to gain competitive advantage over competitors (Grossman and Packer, 1998).

Knowledge management systems must enable knowledge to flow efficiently in order to enhance productivity, quality, innovation and business excellence (Sher and Lee, 2004). Also knowledge management reduces the operating costs of a firm and

creates added value to customers by significantly increasing product quality (Ofek and Sarvary, 2001). When the knowledge assets of the firm are exploited, the firm sees enhanced dynamic capabilities and increased business value. And dynamic capabilities refer to an organization's way of responding in a rapidly changing environment (Helfat, 1997).

Many researchers have defined knowledge management from various perspectives. For example, Raman explains that knowledge management is the way to keep knowledge growing through sharing (Raman, 2003).

In the other definition, knowledge management has been defined as an effort to not only explicit factual information, but also the tacit information, a knowledge that exist in an organization, usually in the minds of employees in order to advance the organization's mission (Broadbent, 1998; Davenport and Prusak, 1998). In the other word, knowledge management involves blending a company's internal and external information and turning it in to actionable knowledge via a technology platform (Dimattia, 1997).

This paper defines knowledge management as the process of creating appropriate solutions in accordance with circumstances, through social systems of organization that supported by technical systems. In fact, organization creates the process of learning, with using knowledge management. Learning has been defined as the process of acquiring new information (Braun, 1998). So organization, with using this process, is continuously exchanging data to information and knowledge, and finally achieving to a collective knowledge. From this perspective, learning is never complete, as new data, new events, or new contexts create opportunities for additional improvement, insight and innovation (Lessem, 1998). Continuing this process of learning, lead to a collective memory. By definition, memory refers to the persistence of learning in a state that can be revealed at a later time (Braun, 1998). A form of collective memory is organizational memory (Paul, Haseman and Ramamurthy, 2004).

Many researchers have defined organizational memory from various perspectives. For example, Stein and Zwass, defined organization memory as means by which knowledge from the past is brought to bear on present activities, thus resulting in higher or lower levels of organizational competitiveness (Stein and Zwass, 1995). And Chang, Cho and Lee have described it as a computer supported human interactive mechanism to store and facilitate knowledge for enhancing organizational effectiveness (Chang, Choi and Lee, 2004). So, organizational memory also can help organization to respond appropriately to environment with keeping and directing knowledge, but knowledge management is not only limited to acquiring, storing and exchanging the information, but also require to interpretate and organize information from various

perspectives. So, what ever that organization needs for survival, is more than memory, and this missing link of organization is MIND. Processing data can be performed by machine, but only the human mind can process knowledge or even information (Shera, 1983). Mind is the ability to be aware of things and to think and feel, or in the other word, mind is the source of one's thoughts and feelings. And Organizational mind in this paper has been described as the ability of team thinking and analyzing internal and external environment of organization, that enable the organization to feel properly and respond effectively to ever-changing and unstable circumstances better than competitors. If we think so about the organization, every aspect of organizational functioning depends on information processing of one form or another. In our view, organizational mind relies upon the interaction between individuals and technologies, so that it is not imitable because of the unique complex of individual and their interactions in each organization. In fact, in any competitive landscape it has been argued that intangible resources are more likely to produce a competitive advantage because they often are truly rare and can be more difficult for competitors to imitate (Jackson, Hitt, Denisi, 2003).

At this regard, systems (organizations) must have the capacity to sense, monitor, and scan significant aspects of their environment. They must be able to relate this information to the operating norms that guide system behavior. They must be able to detect significant deviations from these norms and, must be able to initiate corrective action when discrepancies are detected. If these four conditions are satisfied, a continuous process of information exchange is created between system and its environment, allowing the system to monitor changes and initiate appropriate response (Morgan, 1997).

5. CONCLUSION

This paper has been tried, with considering Darwin's theory regarding to survival of the fittest and dieing those existing species that are not able to adapt themselves to circumstance, has tried to show that human as a kind of existing species that has been placed at the highest point of biological organism chain, is not an exception, and has variously attempted to be accord with circumstances, all over his life, during different ages. But the thing that has helped him during these long periods, was been distinguishing factor of MIND.

With referring to Tofler's segmentation about the route of civilization, we have mentioned, how human can adapt himself with circumstances in each period, and with a comprehensive discussion of new age that has been called the age of information and digital, we have attempted to state unique specifications of the new age.

In the other section of this paper we have described the course of emerging and transformation of organization as a device that human has created in order to the survival. Knowledge management in this knowledge-driven age is the only one thing that can lead to a unique competitive advantage with conducting some interaction between individuals, technologies and methods. Therefore organizational mind is the missing link of organization, and the key distinguishing factor of survival, in new competition age. And finally, as Winston Churchill has truthfully said several years ago "the empires of the future are empire of the mind".

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