

## ISSUES OF KNOWLEDGE DYNAMICS DURING ORGANIZATIONAL CHANGE

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### **Abstract:**

*In the present study we used the analogy of presenting the process of organizational change process' characteristics. The association of the change process in the organization with the phenomenon of dynamic knowledge is meant to highlight the dynamic nature of the elements related to organizational change. Another objective is to present the specific of knowledge dynamics in the stages of organizational change process. In this sense we present the essence of knowledge dynamics in the organization. Next, we made reference to components of episodic and continuous change and situations created by organizational change. The main goal in this paper is to demonstrate the dynamic nature of knowledge, change and the relationship between their elements.*

**Key words:** change; organizational change; knowledge dynamics; change dynamics;

**JEL classification:** M12; M13; M19.

### **I. THE ESSENCE OF KNOWLEDGE DYNAMICS WITHIN THE ORGANIZATION**

It has nowadays become obvious that managing knowledge and employees' skills results as a key competence of the organization and many disciplines develop research of similar issues. If knowledge has always had a dynamic nature it is a great success that we are able to look at it the right way.

Understanding knowledge dynamics requires non-linear thinking. We mustn't break phenomena into events, not even processes into stages or activities into actions, therefore, don't break the whole picture into pieces. This judgement belongs to Senge who explained what a mistake this is and that this way a problem should seem easier to solve. (Senge, 1990) It is not entirely our fault, argues the author, as we were taught to do so, but this early education is definitely making it harder for us to focus differently. Non-linear thinking means to view the whole system at once, to understand the way it works and to capture its dynamics, because only this way we shall visualize the real world. (Brătianu, 2009) The same happens with knowledge; it is all around and if we look at the pieces we shall see data or information; if we look towards a certain point we shall see only that and miss the rest; like a detective solving a big case it's up to us to pick data, to link information and to build valuable knowledge. (Bejinaru & Iordache, p. 71, 2011)

There have been discussed many forms of knowledge but within this paper will resume to invoke the tacit knowledge and explicit knowledge category in order to create a sense for the readers. Tacit knowledge is generated by direct experience of each individual and localized in the individual's non-rational thinking. Nonaka and Takeuchi (1995, p.8) emphasize, "Tacit knowledge is extremely personal and hard to formalize, which makes it difficult to communicate and share with others. Personal ideas, perceptions and hunches enter this category of knowledge. Knowledge also embraces ideals, values, and emotions as well as images and symbols". (Brătianu, et. al., p.41, 2011) Tacit knowledge is converted into explicit knowledge through –externalization- that is an individual process of knowledge conversion. Once the knowledge becomes explicit it can be shared, disseminated and transferred towards other persons through verbal or nonverbal ways. (Brătianu, et. al., p.41, 2011)

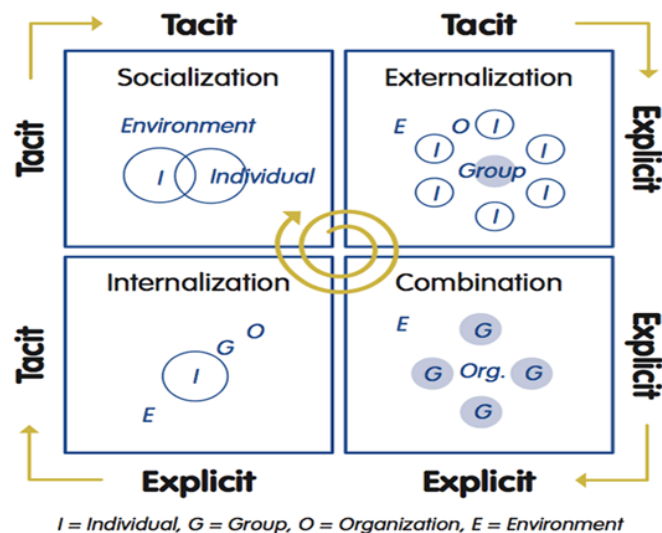
Nonaka's 'knowledge spiral' consists of other three processes, besides externalization, which also convert knowledge from one form to another. Therefore, knowledge dynamics represents the 'knowledge journey' through several stages/forms and processes. We have already stated that conversion of tacit knowledge into explicit knowledge is the process of -externalization. The vice-versa, meaning the conversion of explicit knowledge into tacit knowledge is -internalization. Throughout internalization, the generated knowledge is shared within the organization. Knowledge internalization is useful to widen, expand and rephrase tacit knowledge of the organization's members. Knowledge is internalized throughout a process of integrating among existing knowledge. (Brătianu, et. al., p.43, 2011)

Combination is a process of creating new structures of explicit knowledge through integrating fragments of explicit knowledge within the new integrant structures. According to Nonaka and Takeuchi (1995) in organizational life, combination implies other three processes. Throughout the first process, explicit knowledge is collected from inside or outside the organization and then mixed. Afterwards, during the second process the new explicit knowledge is spread among the members of the organization. Thirdly, explicit knowledge is edited or prevailed or processed inside the organization, in order to make it easier to use. (Brătianu, et. al., 2011) All these processes or interactions between types of knowledge and its users are very well emphasized in Figure 1 – Knowledge spiral.

The importance awarded to knowledge dynamics within the organization depends on the management vision with respect to this issue that may set directions regarding the development of knowledge base.

Since ever men valued knowledge by selectively sharing it with close relatives and passing it through generations in order to cater the needs for survival of the society. Knowledge dynamics was not invented by man but was created as a theoretic reasoning in order to enhance comprehension. (Bejinaru & Iordache, 2010) As in real life, knowledge sharing among employees within the organization could make the difference between prosperity and failure.

Nowadays, leaders dispose of many more choices in order to find the right employee and to assess him the right job. Due to technological development, leaders are able to benefit of the knowledge workers' services from remote locations as physical proximity is not necessary anymore. This kind of collaboration is successful if some issues are considered:



**Figure 1 - Knowledge spiral**

Source: adapted after (Nonaka & Takeuchi, 1995)

□ Knowledge workers often operate from home or remote locations, but no matter their location they must be fully engaged in the design of support systems;

- Client relationships are crucial: so often the knowledge worker is embedded with the clients' network and may identify, over time, with the client more than the employer;
- Knowledge workers can be expensive and their services non-standard: they are often employed on contract and are remote from core activities;
- Knowledge workers no longer stay with their employers for life: careers are made by moving not staying so how does one attract, retain and manage knowledge if it doesn't stand still;
- Knowledge is security, power and freedom: is it always in ones interests to share? (Paton & McLaughlin, 2008)

In this case, the generic phrase of 'knowledge worker' encloses not only the idea but mostly the practice of using knowledge as a resource, as a tool or as a solution when undertaking a certain task. Depending on their capability level of using knowledge in achieving success, 'knowledge workers' may offer their services ('knowledge managing') at different rates and standards. A successful 'knowledge worker' shows some specific characteristics like: extreme flexibility to space, time, work relationships; adaptable personal schedule according to required services; accelerated working rhythm; use of latest tools and solutions in the domain. Any field has its specific knowledge workers who make the difference among all other employees.

With respect to knowledge sharing, we sustain it, but we point that knowledge sharing helps more those who know its secrets, namely what to share, whom to share with, when to share and why to share knowledge.

## II. THE CHANGE DYNAMICS

Change within the organization has been referred to as organizational development and organizational transformation. Change has always been part of our lives but today there are major differences to change of previous eras. An important feature of today's change is (1) its simultaneous nature. A very obvious feature is (2) the speed at which the different types of change occur. Technological, economic and social development is pushing forward towards more change. The appetite for innovation it is simultaneously generated and generates change. For the business environment and for organizational life (3) the complexity degree of change has increased. For the organization, change is no longer a spontaneous event but a laborious organizational process that spreads at all organizational levels, strategies and functions. The globalization of the business environment leads to (4) the immediate communication and impact of the changes throughout the world. Finally, (5) the need for individuals as well as leaders of organizations and nations to step up and immediately make decisions and address problems, issues and resolution. (Pryor, et. Al., 2008)

Due to the fact that it is a complex phenomenon, approaches to change evolution and change types are various. We shall bring to discussion some of our interest. Weick and Quinn (1999) described organizational change as either episodic or continuous. Episodic change is infrequent, sometimes radical, and more likely to be experienced intensely. Continuous change, conversely, may be incremental, emergent, and without end. Negative events often indicate maladaptation or a threat to survival and trigger the need to change, whereas positive, more common events are less intense and invoke a more subdued response (Cameron, 2008). Whether continuous or radical, researchers agree, change is a nonlinear process and the pace of change is increasing (Weick & Quinn, 1999).

Continuous change is built on the need to internal alignment in anticipation and expectation of future events or generated as a reaction to environmental changes. It is delivered by middle management and it focuses on individual components or subsystems. The force that drives continuous change is transformational leadership. Episodic change is fueled by the need to position the organization into a whole new reality. Top management creates the sense of urgency and intensively stimulates change. The focus is on all organizational components in order to implement strategic proactive changes in response to major changes within the environment. The force that

drives episodic change, known as the change agent, is transactional leadership. Table 1., briefly synthesizes the main characteristics of these types of change.

Numerous change models have been developed in an effort to understand change and its phases, individual and organizational rates of acceptance, and processes through which leaders may guide their organizations through the process. (Gilley et. al., 2009)

**Table 1. Components of episodic and continuous change**

	<b>Episodic</b>	<b>Continuous</b>
<i>Tempo</i>	Short time-span development of radical change	Sequence of events in the development of incremental change
<i>Metaphor</i>	Reach new equilibrium	Constant adjustment and growth
<i>Analytical framework</i>	Change is intentional and has dramatic impact	People are attracted to new situations that gradually evolve
<i>Change agent</i>	Transactional leadership (replacement)	Transformational leadership (Attraction)

Source: adaptation after (Munduate, & Bennebroek-Gravenhorst, 2003)

### III. FRAMEWORKS OF ORGANIZATIONAL CHANGE

Knowledge, learning and change have much in common as they intertwine within any aspect of organizational life. By acquiring, generating or combining knowledge we develop learning processes and thus we transform an old status into a new one. This phenomenon is interpreted as organizational change. In order to gain from organizational change we have to pay attention to the previous processes as they can make the difference. First of all there has to be a successful learning process, which in turn is based on the right knowledge. The combination of these three concepts –knowledge, learning, change – shall always be a dynamic one. Assumed dynamics is very helpful for organizations because it's somehow like a defining feature of our present environment, world.

Acknowledging the dynamic character of these concepts will certainly drive to dynamic thinking and dynamic acting. Therefore it is important to use the right knowledge at the right time and for the right purposes or else the effects will be disappointing and the organization shall confront itself with a crisis situation. "A core tenet of any organizational learning project is that without detecting and correcting errors in 'what we know' and 'how we learn', an organization's knowledge deteriorates, becomes obsolete, and can result in 'bad' decisions." (Prusak & Fahey, 1998)

The logics of Lewin's model, in Figure 1., assumes that change will encounter resistance. Therefore, executing change without prior preparation is likely to lead to failure. Instead, organizations should start with *unfreezing*, or making sure that organizational members are ready for and receptive to change. Many change efforts fail because people are insufficiently prepared for change. When employees are not prepared, they are more likely to resist the change effort and less likely to function effectively under the new system. This stage is followed by *change*, or executing the planned changes. When employees know what is going to happen, when, and why, they may feel more comfortable. Research shows that those who have more complete information about upcoming changes are more committed to a change effort. (Wanberg & Banas, 2000)

Finally, *refreezing* involves ensuring that change becomes permanent and the new habits, rules, or procedures become the norm. After the change is implemented, the long-term success of a change effort depends on the extent to which the change becomes part of the company's culture. If the change has been successful, the revised ways of thinking, behaving, and performing should become routine.



**Figure 1. Lewin's model of three step change**

Usually, we are tempted to ask and speak about what to do and how but it is necessary to consider also possible mistakes or previous errors. Many authors describe how to learn and to grow but others refer to mistakes and errors or sins of management, as these happen and become part of one leader's and one organization's experience. It is very arduous to successfully implement organizational change due to its complexity and multitude of components that have to be managed at the same time and in the same direction. Prusak and Fahey (1998) have emphasized "eleven sins" that leaders make when dealing with knowledge. The following statements are meant to trigger the attention towards some sensitive aspects of knowledge which if wrongly approached they generate errors.

Error 1: Not developing a working definition of knowledge,

Error 2: Emphasizing knowledge stock to the detriment of knowledge flow,

Error 3: Viewing knowledge as existing predominantly outside the heads of individuals,

Error 4: Not understanding that a fundamental intermediate purpose of managing knowledge is to create shared context,

Error 5: Paying little heed to the role and importance of tacit knowledge,

Error 6: Disentangling knowledge from its uses,

Error 7: Downplaying thinking and reasoning,

Error 8: Focusing on the past and the present and not the future,

Error 9: Failing to recognize the importance of experimentation,

Error 10: Substituting technological contact for human interface,

Error 11: Seeking to develop direct measures of knowledge. (Prusak & Fahey, 1998)

Knowledge projects are also changing organizations: introducing a knowledge management practice requires the change of daily routine, behavior, and often the processes and organizational structures. Therefore, it is required to take the theories of change management into consideration. There are several researches that analyzed the different approaches and success factors of changes. (Fehér, 2004)

The most well-known change model is the 'three step model' of Lewin: unfreeze-change-refreeze. Change may be initiated by a crisis in the organization, new demands placed on the organization, or innovation proposed by someone in the organization. The old ways are opened to questions, and the climate for change exists. The unfreezing stage means to soften or lay down barriers in order to accept new perspectives. The phase of change occurs through a random process of looking for new solutions, or a planned approach to solving a problem. There is uncertainty, confusion, searching and probably conflict. During the phase of refreezing, change slows, as new ways replace the old ones and become standard practice. Members accept the new situation.

By analogy to knowledge dynamics, to knowledge specific processes we can speak about change dynamics and a set of characteristic actions for each phase of change. Also by analogy to knowledge dynamics, change dynamics has a continuous, spiral type, evolution. No matter with which argument we begin they are all part of a spiral circuit. To be more precise, we outline seven specific actions that are part of change dynamics respectively events that occur with a high degree

of repetition when there is a change in the organization. These events present as focus employees and the relationship between their response to change and the effect of change.

Dynamic 1: People will feel awkward, ill-at-ease and self-conscious.

Dynamic 2: People will think about what they have to give up.

Dynamic 3: People will feel alone even if everyone else is going through the change.

Dynamic 4: People can handle only so much change.

Dynamic 5: People are at different levels of readiness for change.

Dynamic 6: People will be concerned that they don't have enough resources (time, money, skills, etc.).

Dynamic 7: If you take the pressure off, people will revert back to old behavior.

All these represent random sequences from the infinite range of the organizational change process within an organization. We consider necessary to state again that our observations are not generally valid but they are suppositions about a certain phenomenon that ranges within a certain framework and with specific components. In our vision, organizational change and knowledge dynamics may intertwine as we have presented in the above paragraphs but it is not a rule.

#### IV. CONCLUSIONS

Concluding about the change dynamics we state that effective change effort can be conceptualized as a three-step process in which employees are first prepared for change, then change is implemented, and finally the new behavioral patterns become permanent. According to emerging contemporary views, it can also be seen as a continuous process that affirms the organic, ever-evolving nature of an organization.

Starting from the hypothesis that the engine of an organization's management works on knowledge, then each process of decision, planning or implementation of a strategy within the organization rely on a continuous circuit of gathering, analysing and using data and on the knowledge dynamics. Thus, we may presume that the continuous learning process, the continuous supply and administration of knowledge should innovate and improve people and the organization. Knowledge dynamics could help organizations to increase their capacity of facing the continuous challenges of change. (Bejinaru & Iordache, p.70, 2011)

The purpose of this paper is to present the dynamic nature of knowledge and change and the possible correlations between them which, we consider, must be a major preoccupation for managers. We believe that acknowledging the processes of knowledge dynamics (socialization, externalization, internalization, and combination) will provide an expert view upon the circuit of knowledge within the organization and outside the organization. A similar argument is valid for the dynamics of change. In this sense we stress the radical difference between what is known and what is unknown, between what is controlled and what is uncontrollable, between what is desired and what is rejected. These may be contrasting frameworks for change implementation, meaning that half have premises for success and half for failure. Thus knowing and knowledge are critical issues to be considered always in business.

When observing the organizational life we shall certainly meet the links between change and knowledge dynamics. Within any organization that follows the principles of knowledge dynamics there will be necessary to apply strategies of change and vice-versa – in order to install change within a certain organizational environment there will be necessary to implement procedures of knowledge dynamics.

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