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3.3. KNOWLEDGE MANAGEMENT IN INNOVATIVE AND SOCIAL PROCESSES OF ENTERPRISES

Summary: The aim of the paper is to indicate the significance of the processes of knowledge management in the functioning and development of enterprises. Different models of knowledge management have been illustrated while simultaneously emphasizing the impact of innovativeness on the level of competitiveness of enterprises. Moreover, the impact of corporate social responsibility on the level of competitiveness has been presented as one of the most important categories of the intangible values of enterprises.

Keywords: knowledge management, innovations, social value

Introduction

The issues of knowledge management are undertaken relatively frequently due to the significance of this matter in terms of theory and economic practice. Every enterprise searches for the mechanisms of knowledge management in order to ensure the improvement of its level of competitiveness on the market. Competitiveness may be ensured in various ways. One of the significant ways is to select the model of knowledge management that is directed at the innovativeness of enterprises. A second method is to adopt corporate social responsibility as the category determining the current level of competitiveness of enterprises.

The methods illustrated indicate the prevalence of knowledge management, innovativeness and corporate social responsibility in the group of intangible values. The said values consequently enable the improvement of the level of competitiveness of enterprises.

Models of knowledge management in terms of the innovativeness of enterprises

The issue of knowledge management currently constitutes significant aspects of economic theory and practice. Enterprises in turbulent surroundings search for knowledge that constitutes a set of “experience, value, understanding or even the probing of data and information that constitutes the basis for new knowledge, new experience, while also the need to gain new information” (Gierszewska, 2013, p. 231). Based on the knowledge in possession, it is possible to undertake various decisions. Then the base for knowledge management is created, namely the process of “creating value from the intangible resources in the possession of the organization. This process relates to providing access to and utilization of knowledge within the confines of the organization and externally in the direction of the clients and partners of the organization” (Rzemieniak, 2013, p.87). The aim of knowledge management is the improvement of the competitiveness of enterprises, particularly by means of innovations. The context of innovativeness is to be found in the models of knowledge management among which the following may be distinguished (Jakubiec, 2014):

- the model of “knowledge spiral”, that classifies knowledge as explicit and implicit that is characteristic of the Japanese approach;
- the resource model, determining the effectiveness of knowledge management, the existence of the sources of knowledge;
- the model of process approach, basing on the direction of knowledge management as a consequence of the experiences of consulting firms.

The aforementioned models confirm the potential of knowledge management, which leads to the innovativeness of enterprises (Table 1).

Table 1: Competitive potential of an enterprise and its pro-innovative activities

Areas of competitive potential (1)	Impact on pro-innovative activity (2)
<i>Sphere of research and development activities</i> <ul style="list-style-type: none"> - possession of own R&D units, - level of R&D equipment, - knowledge of R&D personnel, - ability to create new products, - ability to foresee changes in technologies, - degree of informatization in R&D work. 	An area of wide-ranging and novel tasks as the effort put into the development of innovation is usually associated with technological research. Frequently, R&D activities are directly connected with the creation of a new product and is particularly useful as product innovations contain a high degree of novelty.
<i>Sphere of production</i> <ul style="list-style-type: none"> - possibility of expanding production capacity, - knowledge and abilities of engineering staff, - technical culture of employees, - degree of informatization of processes of production. 	Technological innovations relate to both the sphere of production, and service activities. Service innovations are based on modern technologies. In production and technical departments prototypes are developed and the possible ways of production on a mass scale are analysed.
<i>Sphere of quality management</i> <ul style="list-style-type: none"> - degree of informatization of quality management systems, - knowledge and abilities of staff responsible for improving and controlling quality, 	Quality is one of the key areas of developing the innovativeness of a firm due to its significance of the quality factor (product/services, customer service, etc.) in terms of consumer decisions.
<i>Sphere of supply logistics</i> <ul style="list-style-type: none"> - knowledge and abilities of logistic staff, - degree of informatization of logistic processes, - ability to foresee changes on supply markets. 	Innovative way of treating cooperating firms, suppliers and clients enables the acquisition of a competitive advantage in the sphere of logistics, among other aspects thanks to the informatization of the logistic processes and the individualization of the client service in the area of the whole supply chain.
<i>Sphere of marketing</i> <ul style="list-style-type: none"> - familiarity with current situation on markets served, - ability to foresee changes on markets served and in behaviour of competitors, preferences, needs and behaviour of clients, - possibility of exerting influence via marketing on formulation of products, - knowledge, experience and abilities of managerial staff of marketing activity, distribution, sales, products and promotion, - degree of informatization of marketing activity. 	Key roles are played by: information about consumer and market research, marketing communication relating to the novelties on the market, building the values of a product and development of trademarks, innovations in marketing tools and research. The preparation and implementation of innovations encompass among other aspects, the definition of aims, types and directions of innovations, while the phase of implementation and diffusion of innovations – market analysis, product policy, prices, sales and promotion.

Table 1 (continued)

<i>Sphere of finance</i>	Regarding the low public outlays in R&D, and the restrictions in the financing of innovation with personal resources, the acquisition of other funds for this purpose, e.g. subsidies, or technological credit loans is becoming a key condition in undertaking innovative processes.
<ul style="list-style-type: none"> - access to external sources of financing, - knowledge and abilities of financial and accounting staff, - degree of informatization of sphere of finance. 	
<i>Sphere of employment</i>	The most valuable features of employees capable of the realization of innovative processes in an enterprise include the following: skill of adjusting to the changes and functioning in unstable conditions. The role of a firm is to create pro-innovative organizational culture with an emphasized acceptance of development, learning, sharing knowledge and openness.
<ul style="list-style-type: none"> - education of employees and tendency to improve qualifications, - applied systems: recruitment and selection of employees, motivational and training systems, - innovativeness and creativity of employees, - openness of employees with regard to change, - tendency towards rivalry. 	

Source: Jakubiec (2014) pp. 183-184.

The content of Table 1 reveals that every sphere of competitive potential remains in direct ties with the pro-innovative activities of enterprises and knowledge management. (Pachura, 2014, p.44)

An interesting aspect of innovativeness is the phenomenon of the effect of suppression as a particular reference to knowledge management.

Empirical research enabled Lewandowska to distinguish five models that were subsequently placed under analysis in terms of the effect of suppression. Analysis of the first model reveals that the resources of enterprises, namely the internal sources of knowledge have become the mediator of ties between such barriers as the following: factors relating to the knowledge possessed by enterprises and the realization of cooperation with foreign partners.

Among the internal sources of knowledge of enterprises, the research and development facilities are of significant importance, as well as the potential of the managerial staff and the competences of the marketing department. The aforesaid internal structure of the sources of knowledge designates the level of foreign cooperation in spite of the existence of factors that hinder innovations in enterprises. Relations occurring at this level are confirmed by classical suppression.

In the second model, resources that are identified with the internal sources of knowledge were taken into account. This fact caused the increase in relations between the market barriers and cooperation with foreign partners, which by way of consequence was decisive in terms of the occurrence of the cooperative suppression.

Analysis of the third model reveals that the internal sources of knowledge in the area of innovations designate the position of a mediator in terms of the relations between the market barrier and the process of undertaking cooperation with foreign enterprises and those integrated in the supply chain.

A similar nature of dependency exists in the fourth model. Internal sources of knowledge designate a mediator between the market barriers and cooperation for the partners of the supply chain, both within the borders of the country and outside of its borders. As a result of cooperation of this type, cooperative suppression exists.

Likewise, the fifth model encompasses the phenomenon of cooperative suppression as the sources of internal knowledge lead to the increase in relations between the market barrier on the one hand and the cooperation with the foreign entity on the other hand. Simultaneously, it is necessary to emphasize that cooperation of this type relates to the supply chain. (Lewandowska, 2013, p.22)

The model illustration of the problems of knowledge management and the models of effects of suppression in the context of the processes of knowledge management identify the essence, scope and relations occurring in the aforesaid area. These models also constitute the basis for the expansion of the analysis to other areas of activities of enterprises.

Corporate social responsibility in the activities of enterprises

Knowledge management directs the activities of enterprises. Economic units, by adapting new categories of knowledge ensure the growth of innovativeness and consequently improvement of the level of competitiveness.

The competitiveness of enterprises determine the changing premise of their functioning. This change relates to the acknowledgement of corporate social responsibility as one of the most important premises that facilitates the improvement of the competitive position of enterprises. The problem of CSR is however subject for debate. In subject-related literature, both the positive and negative consequences of adapting CSR are stipulated.

In the arguments of the proponents of CSR, the following is first and foremost illustrated (Sokołowska, 2014, p.135, 136):

- shaping the new socio-economic reality within the framework of which the models based on the pro-social basis are defined,
- responsibility of enterprises within the framework of the freedom of management,
- pro-market mechanisms constitute an important decision-making element of the market due to their restricted regulatory nature,
- opportunities of the enterprises realizing the principles of social responsibility over a longer term time perspective are always higher in the area of positive financial results; balancing their economic and social aims are the result of the impact of clients,
- public opinion creates the image of enterprises from the viewpoint of ethical attitudes,
- an enterprise of really great economic significance simultaneously incurs a high level of social responsibility,

CSR indicates the close correlative and complementary relation with organizational culture, indication of CSR by an enterprise results from the essence of the concept itself.

It is also claimed that “human activity within the framework of an organization determines it in a way that excludes moral responsibility” (Sokołowska, 2014, p.134.). By way of justification, the following positions are presented:

- in the liberal approach to the results of an enterprise, only profit is expected as other spheres are unimportant,

- the principles of the market economy cause the situation whereby the only responsibility of an enterprise is to concentrate on the effectiveness of the utilization of resources,
- evaluation of the level of social responsibility is of a superficial and minimalist nature due to the lack of possibilities to carry out a thorough analysis,
- social responsibility is identified in a more methodical sense in terms of resolving the problems of society in a complex manner than the concept of the multi-dimensional activities of enterprises,
- the lack of appreciation for the long-term social benefits exists which is concentrated around the social balance of improving the image of an enterprise and the growth of social capital,
- the concept of M. Friedman identifies social responsibility with charity and bypasses the really valuable initiatives of a local nature that are created by businesses, but executed first and foremost as social aims,
- an enterprise is not attributed responsibility due to the lack of unequivocal scope and relations of the tasks executed and their effects with reference to the particular employees. (Fudaliński, 2013, p.43,46)

The consequence of activities is a social enterprise in which there is an accumulation of a certain type of antinomy. Its source constitutes the category of an enterprise that is identified with business activities with the simultaneous reference to the social nature of the tasks executed. Likewise, the problems of social management in terms of its bases, concentrates on the self-realizing societies as an entity creating the ability of self-organization.

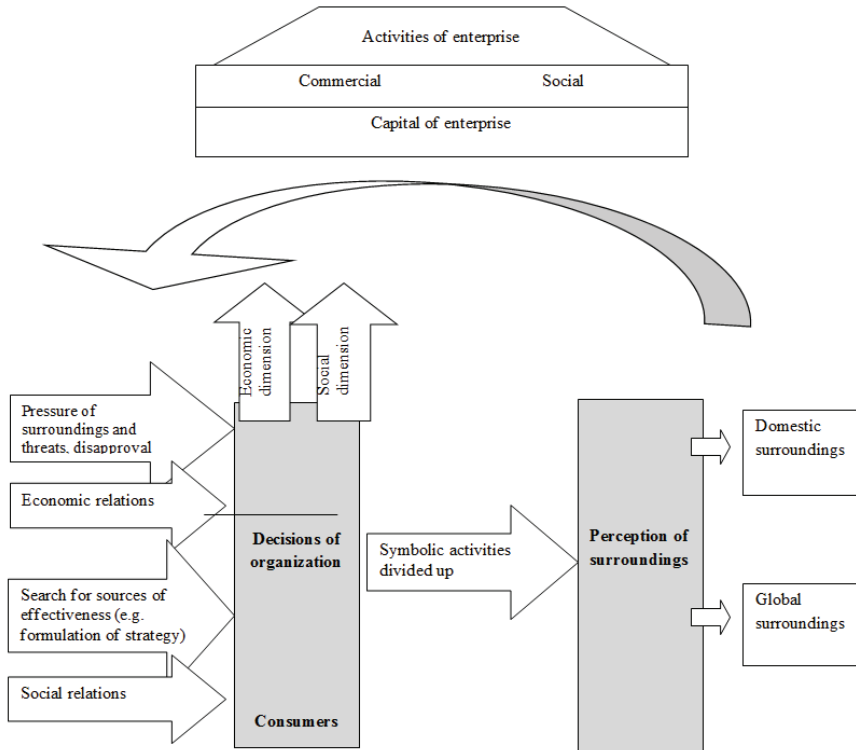
In the view of Duraj (2011, p.151), the important features of social enterprises are:

- nobility of the mission of an enterprise with the aim of creating and developing the social categories of value,
- integrational unity in the area of the aims and activities of a commercial and social nature in the context of the principles of complexity and variability in terms of the social and commercial activities,
- possession of the potential of creating the opportunities for the social values for stakeholders,
- predisposition for taking decisions while indicating their risk in the areas of pro-activity and innovativeness.

The aforementioned features indicate the dualism in terms of the business activities of social enterprises that integrate the areas of commercial and social activities (Figure 1). Analysis of the aforesaid relations reveals that in spite of the common area of activity, there is a separation of the commercial and social activities.

Nevertheless, in the integrating processes we receive a common set that connects the commercial and social activities. This activity has its foundation in capital within the framework of which an increasingly greater significance is being attached to social capital (Glińska-Newes, 2014, p.667).

Figure 1: Decision-making structure of commercial and social activities of enterprises



Source: Self-analysis on the basis of Mazur (2014)

Social capital remains in direct ties with social value, namely the economic category that occurs as a consequence of expanding the intangible values. Simultaneously, this is the same type of value that is included in the group of intangible values that also includes knowledge. Hence, it is becoming justified to undertake the problem of social value and organizational culture in the context of knowledge management.

Social values and the organizational culture of enterprises

The problem of creating values in an enterprise has been undertaken by a multitude of authors (Kaplan and Norton, 2008, p.47). The aforesaid authors indicate the necessity to perceive and define the social approaches of enterprises in terms of the built-up and updated strategies. The aspects of the social approaches of enterprises are reflected in the category of social value (Table 2). The social value is referred to a multitude of illustrated concepts, while the level of comparisons is stipulated by the business activity, inspiration or methods of approach towards the planning and strategies of enterprises. The set presented reveals that the organizational culture in an enterprise is a significant issue. In order to illustrate this issue, empirical research in terms of enterprises has been utilized.

Table 2: Social value in concepts of CSV, CSI, HVC and CCI

Level of comparison	Premise of undertaking business and social activities by an enterprise	Source of inspiration for commencing business and social activities in the case of enterprises	Way of approaching planning activities oriented towards the realization of socio-economic values
CSV <i>Creating Shared Value</i>	Achieving common values as a benefit with relation to costs	Inextricably involved with competing and maximization of profit by means of reformulation of products and markets, as well as the redefinition of productivity with reference to the supply chain	Plan of action that is appropriate for the given enterprise stems from its internal need for the projection of the creation of an "alliance" with various groups of stakeholders in the form of local
CSI <i>Corporate Social Investment</i>	Perceiving social needs as the possibility of developing and demonstrating new notions, searching for and finding new markets.	Social needs existing in zones of poverty and exclusion, better education of the young generation, care for the elderly etc.	Plan of action based on the convergence of economic and social aims, strong partners involved in the notion of long-lasting social change.
HVC <i>Hybrid Value Chain</i>	Exerting impact on the social environment while availing of business benefits by means of cooperation and satisfying the needs of clients who are included in the lower levels of the "social pyramid".	Profitable growth on an untapped market, more effective management of the supply chain and development of innovations.	Aims associated with employees and conscious consumers based on trust and familiarity with the ecosystem at the base of the social pyramid thanks to social organizations.
CCI <i>Corporate Community Involvement</i>	Undertaking activities that develop the civic approach that favours the resolution of social problems.	Feeling of moral obligation, aid for the needy, solving of social problems and social marketing.	Plan of action encompassing a wide spectrum of various undertakings from the areas of philanthropy, charity, development of corporate volunteering and support, social campaigns.

Source: Kroik et al. (2014) and own

Empirical research relating to the organizational culture of Polish enterprises facilitates the formulation of a multitude of conclusions. Of particular importance are those results that are the basis of indicating the features of Polish organizational culture. These features include the following (Czazasty, 2014, p.105):

- large distance of authorities – a feature of this type results from the functioning of the hierarchical society that transfers hierarchical behaviour to enterprises, thus the preference for centralization and autocracy,
- individualism – displaying the individual features of entities with the hierarchical society requires the building of a two-level communication system, the so-called supplementing of formal and informal contacts; within the framework of such relations, the feeling of the personal values of employees are strengthened, which are to be found at the lower levels of the organizational structures,

- masculinity – such a defined nature results from the prevalence of the view that work is essential in life, hence managers should display resoluteness and assertiveness; the most rated values are acknowledged to be those of income, while also social and professional recognition.
- low tolerance of uncertainty – avoiding uncertainty indicates strong tendencies that by way of consequence cause a sense of suspicion with regard to dissimilarity, fear of risk, as well as resistance in terms of relations towards innovative solutions,
- normativism – cultural tradition indicates that the experience from the past constitutes a significant decision-making point with regard to the present and the future;
- abstinence – displayed by the entity which is illustrated in terms of repression of the natural impulses and pursuits; preferred attitudes are controlled behaviour and strong pressure to adhere to the social norms.

A similar type of research was carried out in the company known as Eurosoft. Within the framework of organizational culture, the relations with a client were acknowledged to be a priority. With reference to the impact of clients on the generation of profit, the employees set the good of the client above all the other values. Second place is taken by the acquisition of new competences that are the premise for effective work. Undertakings associated with job security and innovativeness are worthy of emphasis. Further conclusions rating the importance of organizational culture in an enterprise relate to the indication of the significant role fulfilled by the owner of the firm in question. This person by ensuring the good organization of work facilitates the appropriate execution of duties by his/her employees who in such a way create the development of the enterprise. The survey reveals that innovativeness is perceived as an element which requires improvement. A similar nature is illustrated by the feeling of the sense of belonging with relation to the enterprise. The high staff turnover has an impact on the risk of the scarcity of experienced personnel who identify with the enterprise.

The necessity of improving the relations between the employees was commented on by the personnel of the enterprise. The existing conflicts, particularly between the departments confirm the conclusion with regard to the improvement of inter-personal relations, within the framework of the organizational culture of the enterprise.

Furthermore, it has been illustrated that the greatest neglect relates to the quality of work. This fact is the result of assigning excessive duties (Gajewska and Kubański, 2014).

The theoretical deliberations and the results of empirical research indicate the growth in the significance of the organizational culture (Łukasik and Brendzel-Skowera, 2014; Baskiewicz, 2014; Dziwiński and Barcik, 2014) and social values in the group of intangible values in enterprises. The evaluation of intangible values in the resources of enterprises is noticeable, in terms of those first and foremost based on knowledge. Knowledge management is the possibility of adapting a specific model into an enterprise that by means of the growth of innovativeness ensures the competitive position of the economic unit, which is the fundamental aim of every economic organization.

Summary

The aforementioned theoretical deliberations, as well as the quoted results from the empirical research reveal that knowledge management determines the development of an enterprise by means of in particular, the implementation of innovative solutions. The innovativeness of enterprises constitutes the basis of the increase in the level of their competitiveness. Innovativeness creates one of the most important categories of intangible values that leads to the appropriate development of an enterprise.

In the past few years, the development of an enterprise has also been facilitated by the inclusion of social value among the group of intangible values. This category of values for enterprises is one of the significant resources of economic units, which is created as a result of knowledge management. Thus, the processes of knowledge management constitute the basis for defining the innovative and social activities of enterprises.

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