

# Knowledge management as a condition for ordinary and rapid economic and social development

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## Abstract

This article describes a knowledge management as a perception as a condition for ordinary and rapid economic and social development. The article also analyzes definitions and historical development of knowledge management and benefits based on previous studies.

## Key words

knowledge management, definitions of knowledge management,

## 1. Introduction

Within the framework of management abilities, it "has the primacy" of the ability to manage knowledge and the ability to accumulate intellectual capital in commonly available forms.

The main feature of our time is the recognition of knowledge as a crucial attribute of production and service provision, and skillful management becomes a tool that opens new prospects for the enterprise. (Kiezu 1997, 79)

The main objective of knowledge management to gain competitive superiority is to clarify the categories and concepts that are associated with these activities. This means that the distribution of knowledge-related processes, i.e. their creation, collection and accessibility, as well as the usage. (Strojny 2001, 56)

## 2. Basic theoretical background

The statement by Kotler, Keller (2013): "If we do not turn data into information, which becomes the basis for developing a stock of knowledge, and this – a source of wisdom, we lose more than we gain", clarifies the meaning of creating a system that deals with the management of the knowledge collected, processed and used in the enterprise and in organizational structures. The high position of knowledge management results from the technological race for new products, production methods and equipment that are visible at

every step. The senior staff of businesses, especially local businesses and firms should be aware of the far-reaching changes taking place in the global economy.

Knowledge management is of immense importance for the effective operation of companies whose main capital is the information and knowledge of workers. Effective management of these resources helps to make the collected knowledge available to all employees and allows them to accumulate and multiply their stocks.

The following knowledge management systems shall be indicated, inter alia as Chelkovski 2000, 145 claims:

- Authenticity of information;
- Support for various sources of information;
- Asynchronous communication;
- Extensibility;
- Flexibility;
- Adequacy;
- Simplicity;
- Automatic generation of issues;
- Reporting;
- Relatively low cost associated with the system, etc.

The main purpose of knowledge management systems is to help solve the difficult-to-solve problems that plague any business. Among these problems we can include:

- lack of quality information in the company;

In companies, there is often no system that would make it possible to collect the knowledge gained by a worker and pass it on to the successor and all those involved when the worker leaves the job.

- lack of time for the implementation of tasks;

Workers often devote a lot of time to searching for the knowledge necessary to perform the task.

- informational chaos.

If there are many different (often contradictory) knowledge for one task, it is difficult for the worker to assess them or choose the right one.

In the knowledge management process, it is necessary to consider all the above assessments, comments and suggestions and implement them so that the social and economic development based on knowledge takes place quickly and correctly.

## **2.1 Creation of knowledge management systems**

Nowadays, in an era often called the era of knowledge, the rapid and effective use of knowledge for many often means "to be or not to be". According to Peter Drucker and knowledge management theorists, traditional factors of production such as labor, land and capital become barriers rather than drivers of the development of a business or organization, and knowledge is becoming a key factor for creativity in all areas of life.

Based on a review of the literature on the subject, it can be recognized that the concept of management originated in 1987. In the US, the first conference entitled "Managing the knowledge assets into 21 st. century" was held at that time, organized jointly by Purdue University in Sweden a group was founded to start work on "intellectual capital management". (Strojny 2001, 58)

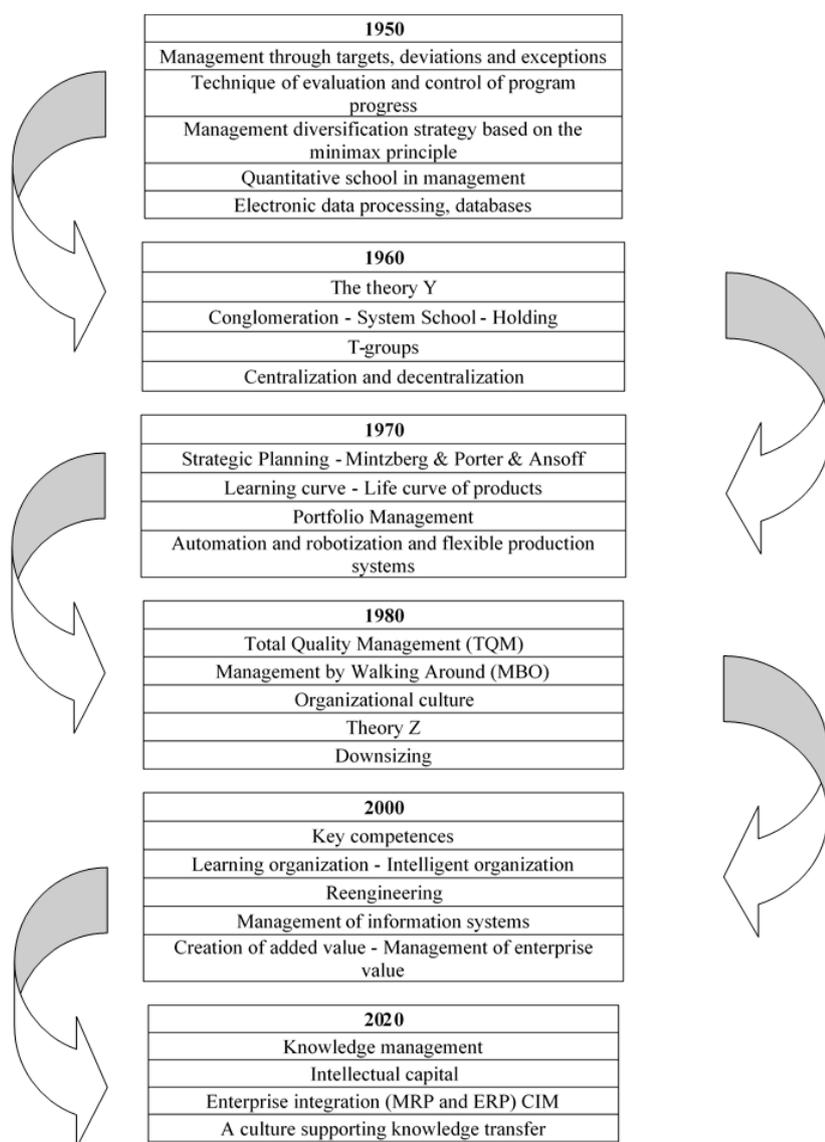
There is a certain consensus of views about what knowledge is. Nevertheless, many definitions have arisen that describe this term, some of which are supplemented, others excluded. Below are some examples from the literature:

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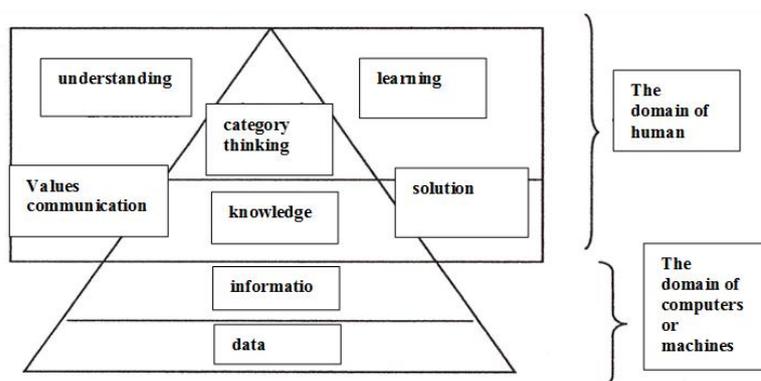
- 1) "Knowledge, that is, a smooth connection of experience, values, information about the context and professional insight into a problem, which provides frameworks for evaluating and incorporating new experiences and information" (Davenport et al 2000, 56).
- 2) "Knowledge, that is, the full use of information and data associated with the potential of human abilities, possibilities, ideas, engagement and motivation" (Grey 2008, 45).
- 3) Knowledge is information used in practice" (Hejduk 2010, 48).

Like material resources, such as: capital, land, oil or steel, data, information and knowledge can also be constructible values. The ideas or abilities that we present to someone do not reduce the level of knowledge, but often develop and consolidate it. As a result, knowledge and information-based management gives unlimited opportunities for success.



Graph1. Forming the concept of knowledge management (Tiwana 2000, 9)

Within the concepts that refer to knowledge management, such as: acquisition, understanding, storage, learning, the following concepts often appear data, information, knowledge, and thinking. The relationships between each name are shown in Table 2.



Graph2. Knowledge and information (Fazlagic, 2001/8, 5)

*Data* is a component of information that allows people or automated devices to act quickly and intentionally.

*Information* is data organized for the purpose of its use in decision-making. Whether information becomes knowledge, i.e. whether it allows others to learn something as a result of contact with it, depends on the manuals and abilities of the person who gives the information.

*Knowledge* is still closely linked to the person or institution that owns it, while information can exist independently (e.g. in the form of a document). Information is often confused with knowledge, since both information and knowledge are transferred in an organization through the structural networks of management and organization systems.

The difference lies in the form and function. Knowledge is stored, for example, in such forms as: job descriptions, culture, strategies, procedures and history, as well as policies, motivations, etc. (Fazlagic 2001, 14-19)

One of the fundamental divisions as Chelkovski (2000) claims, is the breakdown of knowledge according to certain features in an enterprise or organization into:

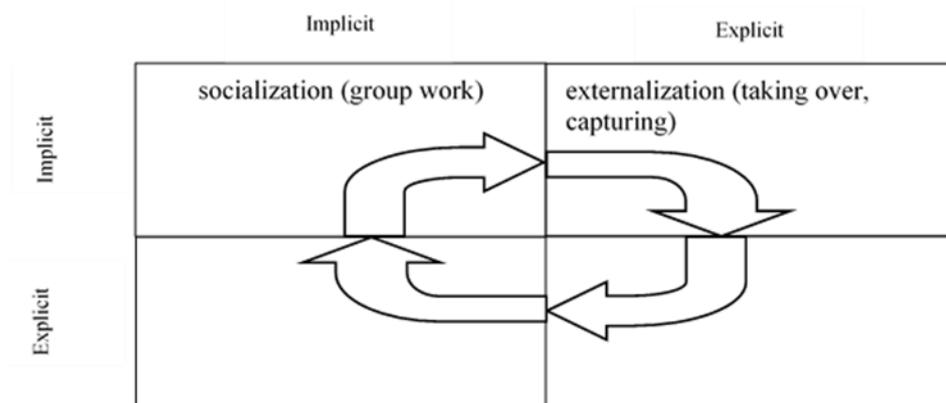
*Explicit knowledge* that can be formulated and conveyed using commonly understood forms of communication, such as documents, data, reports, images, correction tables. Explicit knowledge is such knowledge that can be easily codified, collecting various descriptions of processes or proposals that define ways of performing the relevant tasks and activities necessary in the implementation of a development strategy.

*Implicit (hidden, tacit) knowledge* represents a storehouse of individual abilities, experience, beliefs, intuition, unformalized theoretical and practical information and many other elements that make up the knowledge of a person – an expert in a company that has only a small number of experts (e.g. in the field of physics, chemistry, technology, etc.). Codification of implicit knowledge is very difficult, sometimes impossible. It is possible only with personal contacts, with the consent of the owner of the knowledge. The hidden knowledge of information systems can be perceived as our inner knowledge, the context in which

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we transmit information. Thanks to this, communicators interpret the same fact differently. Hidden knowledge can be partly externalized or shared in personal contacts. This process is the socialization of knowledge. Ultimately, such knowledge can be acquired (internalized) within the process of development and its transformation in a circular cycle. (Graph.3)



Graph.3. Proces of knowledge development and transformation in the circular cycle

Each transition of the knowledge management cycle takes us to the next level, by increasing the quality of managed knowledge.

In the literature on a given issue, we can meet (very rarely) information about the type of knowledge so-called hidden knowledge, the existence of which the participant of the process is not aware of, or has not realized its importance in the context of the knowledge management process.

Of the specific firms operating in the current market, we can talk about other types of knowledge that are used in knowledge discussions, namely: sticky knowledge and leaking knowledge.

The stickiness of knowledge implies its value as a source of superiority over competitors and at the same time a huge process of efforts to share knowledge within the organization. By stickiness is meant the ability to transfer certain solutions to another environment. The stickiness of knowledge can explain why it is so difficult to control people. People and their knowledge are "immersed" in the context and culture of the organization. Oh, let's move them to another environment, it can cause them to no longer be able to use their knowledge in the way they did when they were "nested" in large enterprises.

A similarly serious problem is the issue of leaking knowledge. The bonds between people outside organizational settings are often much stronger than inside an organization. Since personal contacts have a very positive effect on the exchange of knowledge, in the case of contacts between two competing enterprises, originality can be significantly compromised.

The problem of leaking knowledge is also a problem of workers leaving the organization. The explicit knowledge they possess can be codified relatively easily, it is hidden knowledge that is a stock and that cannot be easily reproduced (e.g. supplementing the education of the persons concerned).

### 3. Conclusion

Based on the conclusions from our own analyses, we managed to find out that in theory, knowledge is not always approached in the same way. Theorists who deal with knowledge often use such concepts as explicit knowledge, implicit knowledge, unconscious knowledge, conscious knowledge, sticky knowledge,

escaping knowledge. It is up to six types of knowledge, Unfortunately, very often the concepts of theorists are very different in terms of understanding their essence and confused with each other. Is it good or bad? Does such a detailed distinction of different types of knowledge make sense? Can knowledge be hidden, potential, sticky at the same time? The answers to these questions require very detailed surveys in small and medium-sized enterprises, in state and local government organizations, in local population groups.

CONCENTRATION ON DEVELOPING QUALIFICATIONS

ACQUISITION	Monitoring the surroundings	The achievement gap	Measurability	Experimentation	Knowledge sources	Concentration on product and processes
EXPANSION	An atmosphere of openness	Continuity of education	Documentation			
USAGE	Differentiation of activities	Diverse support	Leaning on learning loops	Focus on the value chain		

Graph.4. Acquisition use and dissemination of knowledge (Nevis et al, 2010)

In a market economy, knowledge becomes the basic capital, product, goods of enterprises. Their correct use, thanks to skillful management, allows the enterprise to gain superiority over the competition and maintain a good position in the market. For effective knowledge management, an intelligent (learning) organization is created.

Intelligent (learning) organization – is a management concept whose task is to increase the efficiency and correct operation of the organization. It is based on a certain summary of the knowledge possessed by individual collaborators – knowledge that is continuously enriched and developed, and then "made available" to the enterprise. (Bukowitz et al 2010, 42)

For the information to be used, a number of conditions must be met:

Accessibility

the knowledge that such information exists at all;

knowledge of where it is kept or who owns it;

the ability to get to her.

Ensuring the trustworthiness of the information or the ability to verify it.

Keeping it up to date – as outdated information can be false.

Ensuring readability.

A definition of knowledge management that would be universally valid and applied in practice does not currently exist.

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