

Effect of Knowledge on Organizational Change

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AGENDA

- I Introduction
- II Key concepts
- III Organizational change
- III How does knowledge affect organizational changes?
- IV Challenges and conclusions





I INTRODUCTION



TIP RESEARCH PROGRAM

Research project is part of TIP research program, which

- Is coordinated by Tampere University of Technology, Institute of Business Information Management
- Started in 2003
- Contains now 7 doctoral projects and two projects on master level
- Has produced about 50 scientific reports, conference papers and articles.

The main purpose of TIP research program is to:

- explore knowledge intensive service organizations and organization populations, their competitiveness, functioning and the development potential from the angle of knowledge and information management.



RESEARCH PAPER

Effect of Knowledge on Organizational Change

Knowledge is a main source of competitiveness in many companies

Knowledge may also be the facilitator of organizational changes leading to survival and success

Organizational change is a broad concept, several theories and models in multiple disciplines

- How can organizational change be categorized?
- How are knowledge and change related?

Their better understanding may increase the potential for innovations and competitiveness in organisations.



RESEARCH PAPER

Effect of Knowledge on Organizational Change

Two objectives:

- In order to have better understanding about change, it aims at analyzing and categorizing *concepts, theories and models of organizational change*
- Provides some preliminary views of the question *what is the role of knowledge for organizational changes.*

Conceptual analysis, based on a literature



II Key concepts of the study

- Organizational change
- Organizational knowledge



ORGANIZATIONAL CHANGE

The term 'change' is neutral: it can describe change in good (improvement, renewal) or bad (decline) direction.

Change as an output or a process

- an observed difference in form, quality, or state over time in an organizational entity, such as an individual's job, a work group, strategy, a product, or the overall organization (Van de Ven & Poole, 1995).
- a process where an organization changes from a current state to a wanted future state in order to increase, for example, its competitiveness or flexibility.

Planned and emergent approaches (e.g. Burnes, 2004)



ORGANIZATIONAL KNOWLEDGE

Knowledge as an object

- Explicit – data and information
- Tacit – routines, culture, structure (e.g. Spender, 1996)
- Potential – not yet available to organization, intuition, weak signals (Ståhle & Grönroos, 2000)

Knowledge as a process

- Knowledge codification, sharing, and creation (Nonaka, 1994; Hislop, 2005)





III ORGANIZATIONAL CHANGE

- Theories explaining organizational change
- Models and types



THEORIES EXPLAINING ORGANIZATIONAL CHANGE

Theory	View of change	Examples
Selection	Change is highly restricted by resource scarcity, convergence to industry norms, and structural inertia (Volberda et al. 2001).	population ecology, evolutionary theory, and resource-based theory
Adaptation	Companies can and do change: successful companies learn to behave differently and they seek for new competencies (Volberda et al. 2001).	dynamic capability theory and learning theories
Co-evolution	The joint outcome of managerial intentionality, environment, and institutional effects. (Lewin & Volberda 1999)	complexity theories



MODELS OF ORGANIZATIONAL CHANGE

Model	Description	Contributors
Incremental change	A process whereby individual parts of an organization deal incrementally and separately with one problem and one goal at a time.	Quinn (1980), Nadler & Tushman (1989)
Punctuated equilibrium	Views the change evolving through “long periods of small, incremental change that are interrupted by brief periods of discontinuous, radical change” ([20]).	Tushman & Andersson (1986) Romanelli & Tushman (1994) Dean et al. (1999)
Continuous change	Ongoing, evolving, and cumulative organizational changes	Brown & Eisenhardt (1997) Dean et al. (1999) Weick & Quinn (1999)



TYPES OF ORGANIZATIONAL CHANGE

Incremental change

- Incremental change focus on individual components, with the goal of maintaining or regaining congruence (Nadler and Tushman 1989)
- For example, first-order change (Levy, 1986), and organizational development (Porras & Silvers, 1991).

Radical change

- Radical change is a large-scale process which deals with the whole organisation in short time
 - "Short burst of fundamental change" (Romanelli and Tushman 1994)
- For example, second-order change (Levy, 1986), and organizational transformation (Porras & Silvers, 1991).





||| How does knowledge affect changes in organizations?



HOW ARE CHANGE AND KNOWLEDGE RELATED? (1/2)

Knowledge processes and flows as facilitators of incremental and radical changes

Organization's structures and processes seems to reinforce prevailing knowledge and generate incremental change

- enables knowledge sharing and integration through collective knowledge (Grant, 1997).
- continuous use, sharing, and development of organizational knowledge generate incremental development (Pöyhönen, 2004)
- structures, routines, and culture are not easy to change, and transformation is not possible in a quick and radical manner



HOW ARE CHANGE AND KNOWLEDGE RELATED? (2/2)

If radical change is required, existing knowledge may not be the answer, but

- by collecting weak signals, triggers, and new ideas from the environment, organization is more capable to adapt environmental changes and also to develop its own renewal processes in a radical way (Maula, 2006)
- gathering and creation of entirely new knowledge and innovations may generate radical change (Pöyhönen, 2004)
- letting go from the old manners
- hiring new innovative experts
- interaction with clients



CHALLENGES FOR COMPANIES

Organizations structures and culture do not always facilitate positive changes, existing knowledge may also have negative effect

Although organization has a lot of knowledge it may still not produce the needed change.

Pfeffer and Sutton (1999) refer this phenomenon with the term 'knowing-doing gap'.

- typical knowledge management practices make this gap even worse, concentrating too much on technologies and the transfer and storage of codified knowledge instead of knowledge processes.



CONCLUSIONS (1/2)

Diverse theories and models indicate:

1. The magnitude of the change
2. Why and how the process unfolds.

Three theories explain why the organizational change occurs:

- Selection
- Adaptation
- Co-evolution.

Three models explain the nature of change:

- Incremental change
- Punctuated change
- Continuous change



CONCLUSIONS (2/2)

When the organization is to conduct changes, it is relevant to analyze the role of knowledge as a facilitator of change, not as an output of that change.

Knowledge processes have various effects on changes. These effects should be noted when managing knowledge and changes

- Developing and integrating existing knowledge and assuring functional structures at the *organisational level*, knowledge may generate *incremental changes*.
- New ideas, innovations, and interaction with *clients and networks* may generate *radical changes*.





THANK YOU

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