

ORGANIZATIONAL GROWTH STRATEGIES: THE COMPETITIVE EDGE IN THE NEW ECONOMY

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ABSTRACT

It is said that smart people need smart organisations; in the new economy, the name of the game is integration and cooperation for competitive advantage. Organisations should deploy work practices that encourage the development of employee skills and foster social connections across employees in order to raise productivity and improve organisational performance. This is paper two of this study examines Organizational Growth Strategies, the Competitive Edge in the New Economy. The study employs a qualitative approach as its research design. The research finding indicates that for organisations to make use of experience and intelligence, they must provide a sharing environment, empower people with tools, and create a climate for learning and testing new ways of conducting businesses in the marketplace. Enterprises seeking to compete in the emerging new economy, not only have to apply knowledge to existing situations, but also should be able to rapidly reconfigure knowledge to meet emerging needs. Accordingly, creating a workplace where knowledge is shared and where people are encouraged to learn and to take action on those lessons learned is the surest way to compete in the market-driven economy. Thus, the key idea is that if current ways of working, that is, the organisation routines are insufficient, then the enterprise must learn new ways of doing things in the knowledge-age economy.

Keywords: Organizational Growth Strategies: The Competitive Edge In The New Economy

INTRODUCTION

Smart people need smart organisations (Awad and Ghaziri, 2003). In the new economy, the name of the game is integration and cooperation for competitive advantage. For organisations to make use of experience and intelligence, they must provide a sharing environment, empower people with tools, and create a climate for learning and testing new ways of conducting businesses in the marketplace. Harrison and Kessels (2004) observe that people at all levels have accumulated knowledge about what customers want, about how best to design products and processes, about what has worked in the past and what has not. An institution that can collect all that knowledge and share it between employees will have a huge advantage over an organisation that never discovers what its people know. The emergence of a knowledge economy requires a fundamental shift in ways of understanding organisations and of facilitating learning and development of those working for, or in partnership with them. Human Resource Development (HRD) has move beyond a narrow conception of training and development and many organisations now attempt

to take a holistic view that embraces the idea of learning at individual and organisational levels as a crucial source of competitive advantage (Teece et al 1997). Furthermore, employees should be recruited for skilled working roles that will require learning and change, and that line managers should be fully involved in the development of their staff to such an extent that the differentiation between learning and working becomes virtually impossible to discern.

This suggestion aligned with Bowles (2005) reference model of a framework for Human Capital Development (HCD). The model posits that the role of HRD within an organisation must actively seek to improve both performance and knowledge capital value, deploying human capital, structural capital and social capital for a sustainable competitive advantage of the firm. The value creation is expressed not just through their use by the firm (Bowles 2004), but also through their availability and the ability of the organisation to manage and draw on capabilities in future situations. The capacity of the firm extends across many cycles of current performance and value creation and the core role of Knowledge Management (KM) is about ensuring that potential is being cultivated to create sustained performance and the capacity to create and seize opportunities. Hackett (2002) suggest that value creation takes place as knowledge is exchanged between the three stocks of intangible assets. The flow of knowledge serves as the basis for the acceleration of learning and the systematic development of both individual and organisational capabilities. This makes it essential to promote and facilitate the free-flow of knowledge across the organisation.

Organisation's human and social capital

Burke and Cooper (2006) pinpoint that 'social capital' is broadly used by managers to capture the assets that are embedded as a way of articulating the competitive advantage that can be realised through social relations within an organisation. Adler and Kwon (2002) state that social capital is that collective knowledge, skills and abilities that individuals bring to the workplace and, more importantly, how such knowledge combined produces unique assets for the organisation that support long-term competitive advantage. That Human Capital (HC) is susceptible to poaching by competitors, and technology is often easy for competitors to imitate, social capital is a unique resource that cannot be easily transferred from one setting to another. Practices that foster the development of not only HC, but also social capital, can become an essential source of competitive advantage in the new economy. Organisations should deploy work practices that encourage the development of employee skills and foster social connections across employees in order to raise productivity and improve organisational performance.

Hong et al (2004) argue that organisational social capital is largely managed through the firm's employment practices. Firms can build and maintain both HC and organisational social capital through adopting human resource management practices that promote stability among employees, thus fostering employees' stake in the long-

term achievements in training, job security, and team building, and minimising the use of practices such as downsizing and contingent work in the organisations. Adler and Kwon (2002) support this by observing that employment practices that encourage stable job tenure and reinforce trust and the willingness to work cooperatively enhance a firm's stock of organisational social capital, with a parallel benefit to the organisation's ability to organise collective in the marketplace.

The authors also argued that the incentives associated with the use of high-involvement of Human Resource Management (HRM) practices, such as investment in training, employment security, high relative pay, and performance management systems, support the building of trust between employees and employers. For example, ensuring employment security allows workers to suggest productivity and quality improvements without fear of losing their jobs. Thus, organisations operating in the knowledge economy should provide incentives and create an environment in which workers are encouraged to invest in and create networks at work, both within their workgroups and across different groups and organisational units, and external peer works that build organisational capacities that will enable the firm to meet its strategic goals in the market-driven economy.

Integrated approaches of KM, HRD & HCD

Bowles (2004) argues that knowledge organisations must seek to address ways to effective and efficient transfer of knowledge, and that knowledge at the organisational level provides the basis for determining systems, structures, roles and processes. Bowles observes that HRD's role as strategic function within an organisation competing in the new economy has had to increasingly resolve its relationship with KM and the deployment of HC. The development of capabilities and competitive advantage within a global business environment confirms the need for HRD to at least align its activities with the development of HC and adherence to the management of organisational knowledge and learning. Enterprises seeking to compete in the emerging new economy (Lepak and Snell 2002), not only have to apply knowledge to existing situations, but also should be able to rapidly reconfigure knowledge to meet emerging needs.

HRD's role in developing HC is about investing in activities that enhance the asset value of knowledge, in this wise; HRD is a transformational activity in developing the existing knowledge or improving access to stocks of knowledge for the enterprise's benefit. Bowles (2005) also postulates that changing organisational structures have to be aligned with the integration of strategic and operational activities. The middle management layer within organisations which previously separated operational and strategic activities now no longer exists in many organisations and job design must take these new trends into consideration. Hong et al (2004) summarise that refining skills or competencies within enterprises can bring about process improvement for existing workers and if enterprises are to retain control of knowledge and intellectual capital within the enterprise, HRD practitioners need to map individual capabilities against organisational key result sectors.

Hackett (2002) suggests integrating HRD and HCD approaches to KM because most knowledge strategies are currently based on increasing efficiencies mainly for the reasons that it is easier and more immediate to exploit what is already known by enterprises. However, creating a workplace where knowledge is shared and where people are encouraged to learn and to take action on those lessons learned is the surest way to compete in the market-driven economy. For example, top management increasingly cannot rely on one-dimensional voice, whether it is from finance, human resources, IT or any other function. In alignment with chief knowledge officer, chief information officer, and senior human resources executives are providing the same strategic focus, consulting skills, and most important, the ability to work with line operations. One milestone in integrating KM into the business is that the finance function is beginning to assume through leadership for knowledge asset valuation and integration of these assets into financial management of the business. Business process managers are thinking in terms of learning loops, expert networks, and KM applications such as business intelligence, collaboration, technology-enabled learning, and process knowledge maps are being deployed by enterprises.

In addition (Hackett 2002), observes that many human resources personnel are changing how they think about HC and measures of value, enabling line managers and employees to increase collaboration, and turning the human resources function itself into a knowledge-based organisation. Tyson (2006) also argues that an integrated approach highlights key interdependencies within organisations such as the link to strategy, the roles of line managers and the emergent features of learning. Furthermore, organisational learning is also invoked as a response to cope with the challenges of global competition and technological changes taking place in the new economy. Thus, the key idea is that if current ways of working, that is, the organisation routines are insufficient, then the enterprise must learn new ways of doing things in the knowledge-age economy.

CONCLUSION

The intangible assets of the firm form a system that must be managed from an integrated perspective. Differences between organisations and nations will depend on the extent to which information can be obtained, turned into knowledge and applied in an integrated manner to the organisation's products or services. The ability to transfer and manage knowledge acquisition requires an integration of KM with learning. Integration of KM, HRD, and HCD is needed in the market-driven economy to break the old rules, unlearn outdated business models, and achieve break-through for organisations and their owners. Enterprises seeking to compete in the emerging new economy, not only have to apply knowledge to existing situations, but also should be able to rapidly reconfigure knowledge to meet emerging needs of the global economy. Accordingly, creating a workplace where knowledge is shared and where people are encouraged to learn and to take action on those lessons learned is the surest way to compete in the market-driven economy.

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