

# Organizational Knowledge and its Role in Ensuring Competitiveness of Modern Socio-Economic Systems

## Conocimiento organizacional y su rol para asegurar la competitividad de los sistemas socio-económicos modernos

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#### ABSTRACT:

The article substantiates the increasing role of organizational knowledge in ensuring the competitiveness of socio-economic systems in the conditions of the formation of the knowledge economy. The content contour of organizational knowledge is defined, the process of transformation of organizational innovations into key competence is specified, the mechanism of formation of competitive advantages of social and economic systems on the basis of improving the quality of management of organizational knowledge is proposed.

**Keywords:** organizational knowledge; competitive advantages, knowledge economy; dynamics of modern socio-economic systems.

#### RESUMEN:

El artículo corrobora el creciente papel del conocimiento organizacional para garantizar la competitividad de los sistemas socioeconómicos en las condiciones de la formación de la economía del conocimiento. Se define el contorno de contenido del conocimiento organizacional, se especifica el proceso de transformación de las innovaciones organizacionales en competencia clave, se propone el mecanismo de formación de ventajas competitivas de los sistemas sociales y económicos sobre la base de mejorar la calidad de la gestión del conocimiento organizacional.

**Palabras clave:** conocimiento organizacional; ventajas competitivas, economía del conocimiento; dinámica de los sistemas socioeconómicos modernos.

## 1. Statement of a problem

Nowadays one of the most urgent directions of economic researches is the problem of increase in competitiveness of the **modern socio-economic systems (MSES)**. The solution of this problem is connected not only with timely adaptation to the changing conditions of the competitive environment but also with creation of conditions for formation and maintenance of long-term competitive advantages as a result of a constant internal and

external self-assessment and formation of strategy of continuous improvement.

Today in the conditions of economy formation based on knowledge, the development of competitive advantages directly depends on ability of MSES management "to operate knowledge effectively", which is a key factor of production and one of the main sources of competitiveness in new economy.

Therefore, the process of MSES competitiveness ensuring demands development of effective mechanisms of generation and commercialization of knowledge, formations of the innovative environment, introduction of high-tech productions, development of information and communication technologies, integrative organizational structures, and also increases a role of intellectual and creative potential of the person.

The solution of these problems is impossible without effective control system of organizational knowledge within a modern competitive paradigm. All this actualizes the necessity of new ways in the course of creation and maintenance of competitive advantages of MSES through judgement of the nature of organizational knowledge and management as an important strategic asset of sustainable development.

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## **2. Analysis of recent researches and publications**

Various aspects of theory and practice of MSES development in the conditions of economy knowledge formation, definitions and an interpretation of purposes, motivational forms, and mental models of their dynamics have found reflection in recent scientific literature.

Researches of such scientists as J. Schumpeter (1982), F. Makhlop (1966), B. Milner (2003), are distinguished from the most valuable works devoted to this perspective. Gersting, B. Ivs (1999), A. Gaponenko, T. Orlov (2008), etc. Interrelation of efficiency of use of organizational knowledge and process of formation of long-term competitive advantages of MSES in the conditions of increase cognitive requirements of economy knowledge, have found reflection in works.

Most experts admit that effective management of organizational knowledge regardless of their field of activity is a steady basis for increase in MSES competitiveness. At the same time the research and synthesis of the available scientific provisions and practical experience in usage of organizational knowledge potential in system of MSES management, testifies to the need of profound development of various aspects of organizational knowledge influence on the process of competitive advantages formation and maintenance.

Definition of ways of the structural organization, element structure of control system of organizational knowledge as one of effective instruments of increase in competitiveness of MSES in the conditions of economy knowledge formation is also important.

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## **3. Research objective**

Research objective is justification of theoretical and methodological bases of organizational knowledge usage for the purpose of long-term competitive advantages of MSES formation and maintenance in the conditions of development of economy knowledge.

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## **4. Main results of a research**

While analyzing the current trends of economy development connected with substantial increase of a role and share of non-material and intellectual resources in reproduction process, it is necessary to indicate the need for traditional perception revision of competitive advantages, reconsideration of development models and programs practically by all economic entities wishing to win in global competition.

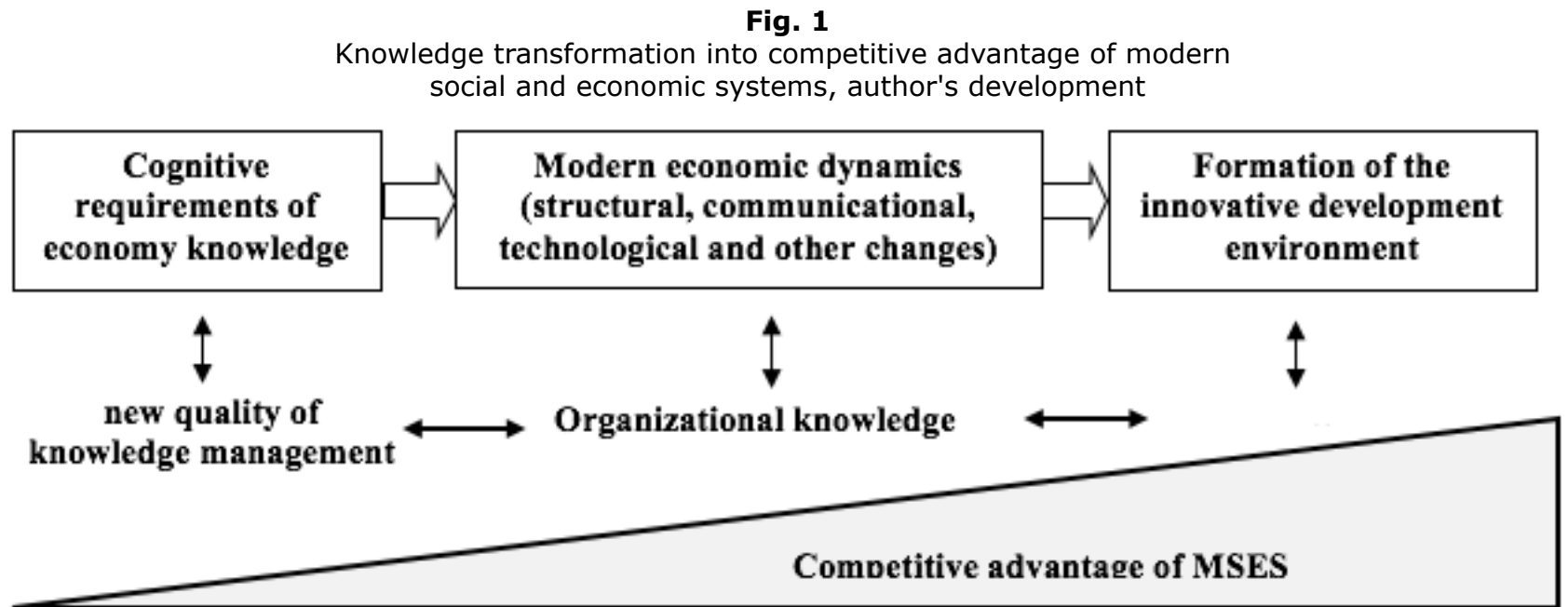
The solution of this task demands study of modern specifics of knowledge management, including organizational, for the purpose of competitive advantages formation due to effective transformation of new knowledge and technologies to the new goods and services demanded in the global, national, and regional markets.

Since all modern economic processes and interactions should be based on knowledge, which corresponds to circumstances, it is lawful to claim about the shift in steady competitive

advantages formation towards creation and effective management of organizational knowledge as the system and uniting factor of new knowledge reproduction.

In other words, in order to become competitive during cardinal changes, organizational changes are required; organizational knowledge, which, respectively, defines efficiency of these changes acts as a basis for these changes. For construction and activation of the innovative environment development, the MSES management should have a clear idea of its own opportunities, ways and conditions.

The process of knowledge transformation into competitive advantage of MSES is presented schematically in fig. 1.



Focusing attention on the need for modern model of development of MSES from a position of economy in which the main source of economic growth and competitiveness increase are knowledge and innovations, we will note the expediency of their consideration as quasi-corporations (a certain corporation).

Such conceptual representation of MSES is focused on the strategy of revealing the additional opportunities of competitiveness increase in conditions when the situation depends on mega- and macroeconomic circumstances and conditions, mechanisms of competitive interaction of MSES on different levels, alignment of forces between them and the corresponding positions taken by concrete socio-economic system in this interaction.

Within this conceptual approach, the MSES management should rely, on the one hand, on the principles of compatibility and continuity of interests, values, the purposes, motives of society/community/personnel, and on the other hand, be interested in an intensification of innovative activity to achieve the appropriate level of competitiveness providing integrity and effective functioning of MSES. Concretizing the practical tasks before MSES management, we will note the need for relevant institutes of development, formation of innovative production and technological infrastructure, the communication relations and communications of innovative activity, innovative culture development and others (Tumenova, et al., 2016).

For the solution of these tasks, MSES management should have organizational context focused on revealing and implementation of modern requirements to economy knowledge, implementation of corresponding changes within innovative development model in which the crucial role in MSES competence formation is assigned to knowledge.

For better understanding of the problems connected with developing of the effective mechanism of generation and commercialization of knowledge, we will give a substantial contour of organizational knowledge, making a start from cross-disciplinary understanding of this category (fig. 2).

**Fig. 2**  
Substantial contour of organizational knowledge, author's development



Organizational knowledge can be described as a certain set of the principles, skills, rules and factors providing process of administrative decisions and the subsequent actions. The more essential is the knowledge, specified in fig. 2, the more considerable are the results they bring, allowing to consider them as a separate and significant source of MSES competences (distinctive abilities).

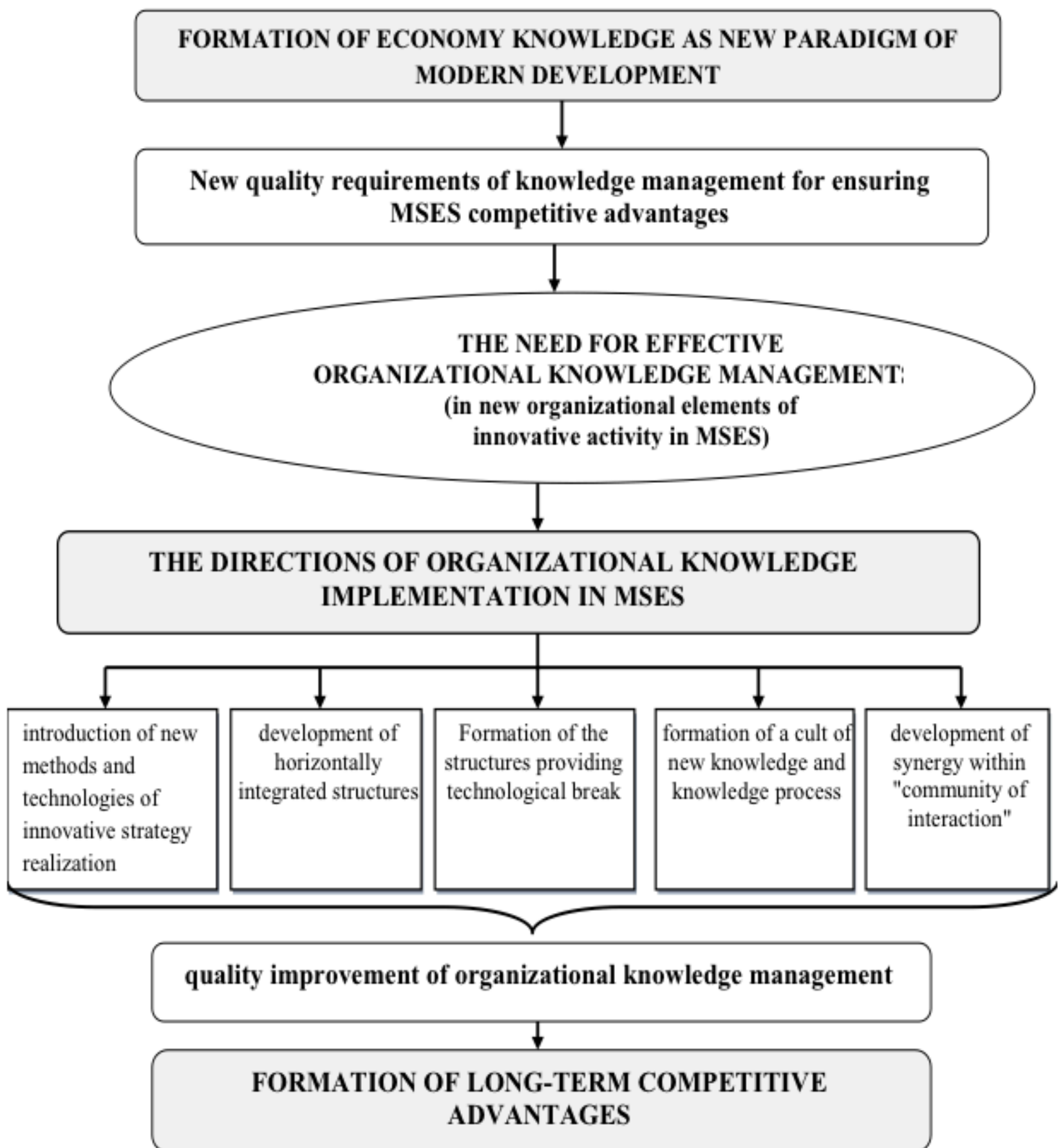
Economy knowledge development imposes certain requirements to quality improvement of knowledge management to achieve steady competitive advantages of MSES, in particular, it is about providing:

- harmony of knowledge management, its inseparability from processes of production, distribution and practical use;
- interactions of all fields of MSES activity in reproduction of the corresponding knowledge, without being limited to an innovative cycle;
- adequacy of management, organizational support of process of realization both radical innovations, and adaptation of advanced technologies and innovative developments to conditions of concrete MSES;
- integrations of creative management into various economic relations, to assist to emergence of effects of synergy, and also to increase the effectiveness of innovative production;
- motivations to expanded knowledge reproduction through growth of economic interest in scientific, creative work.

In view of the above, the mechanism of long-term competitive advantages formation based on quality improvement of organizational knowledge management is schematically presented in fig. 3.

**Fig. 3**

The mechanism of long-term competitive advantages formation based on quality improvement of organizational knowledge management, author's development



The analysis of the provided scheme allows to draw a number of conclusions relating to the mechanism of competitive advantages formation of in the context of new requirements to economy knowledge development and its growing role in modern public reality.

First, the effectiveness of organizational knowledge management is determined by the analysis of the vernal and internal environment of innovative development. The higher is the level of the analysis and the more adequate to new requirements are the studies, the more methodologically weighed the administrative decisions in the sphere of organizational changes will be.

The tasks connected with innovative activity activation and improvement, development of scientific and technical potential, innovative infrastructure, the intellectual capital, activation of cognitive environment and introduction of organizational and administrative changes proceeding from MSES specifics will be more accurately defined.

Secondly, the effectiveness of organizational knowledge management will be in direct dependence on the competence of subjects, which will be capable to judgment of need of these changes, and also to strive for complex and systematic actions for obtaining a certain

synergetic effect.

Thirdly, it is necessary to realize at the state level the importance of implementing appropriate transformations for the formation of long-term competitive advantages of MSES sustainable development.

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## 5. Conclusions

The modern paradigm of organizational knowledge formation and effective management, on the one hand, has the essential advantages connected with the potential of considerable indicators improvement of economic activity effectiveness, and on the other, is characterized by undeveloped scientific and methodical tools which don't allow to realize these advantages widely in practice.

In the conditions of an objectification of economy knowledge development and its growing role in modern economic dynamics, the process of knowledge formation and use need to be coordinated. For stimulation and maintenance of this process, MSES management should have organizational context directed to identification and implementation of new requirements to economy knowledge, implementation of corresponding organizational and administrative changes. The mechanism offered by us can become a basis for MSES innovative model in which the crucial role in long-term competitive advantages formation is assigned to knowledge.

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