

# RELATIONSHIP BETWEEN KNOWLEDGE-BASED EMPLOYEES AND PERFORMANCE OF ORGANIZATIONS

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**ABSTRACT:**

*THE COMPLEX AND RAPID DEVELOPMENT OF SOCIETY GENERATES TECHNOLOGICAL, BUT ALSO SOCIAL OR ECONOMIC CHANGES, CHANGES THAT DEPEND ON THE QUALITY OF INFORMATION WE HAVE AND ON OUR ABILITY TO MANAGE IT. THEREFORE, ESPECIALLY IN RECENT YEARS, KNOWLEDGE MANAGEMENT TECHNIQUES, THE CREATION AND TRANSFER OF GOOD PRACTICES, ATTRACTING, MOTIVATING AND RETAINING KNOWLEDGE-BASED MANAGERS AND KNOWLEDGE-BASED EMPLOYEES ARE INCREASINGLY APPRECIATED BY BOTH PRIVATE SECTOR ORGANIZATIONS AND THOSE IN THE PUBLIC SECTOR.*

*EACH ORGANIZATION HAS A DIVERSITY OF KNOWLEDGE: THE INDIVIDUAL EXPERIENCE OF THE EMPLOYEES, THE PRACTICES, THE METHODOLOGIES THEY APPLY, THE DOCUMENTATION THEY MAKE, ETC., WHICH CAN MAKE A SIGNIFICANT CONTRIBUTION TO THE COMPANY'S SUCCESS IF USED EFFICIENTLY.*

*CONSULTANCY PROGRAMS FACILITATE THE DISCOVERY, ASSIMILATION, ARCHIVING AND DISTRIBUTION OF KNOWLEDGE WITHIN THE ORGANIZATION.*

*THE PAPER PRESENTS THE ROLE, IMPORTANCE OF KNOWLEDGE BASED EMPLOYEES, AND PRESENTS A CASE STUDY - HOW KNOWLEDGE-BASED EMPLOYEES IN AN ORGANIZATION CONTRIBUTE TO INCREASING PERFORMANCE.*

**KEYWORDS:** KNOWLEDGE, KNOWLEDGE-BASED EMPLOYEES, PERFORMING ORGANIZATIONS, LEARNING, MOTIVATION

## 1. INTRODUCTION

In today's society, continuously loaded with new, new data, we are increasingly concerned about how we manage, use information, knowledge, knowledge in general. There are no sectors of the economy that are not influenced by changes in the information society where the elements that bring change are: knowledge, learning, intellectual capital and innovation. Adapted to this society are new forms of social economy and organization that require adoption

and assimilation of new management standards, but also tools and technologies capable of capitalizing on opportunities open to the knowledge economy, creating<sup>1</sup>.

Increase efficacy and greater success of organizations can come from the application of knowledge management, that it opens the way for organizations to compete for performance, has made knowledge management a key concept in organizational development, an essential strategic tool for their survival and development in modern society today. For organizations to become more performing, it is necessary to implement appropriate solutions to manage their knowledge<sup>2</sup>.

The existence of institutions in which there is knowledge: tacit and explicit (academies, universities, research centers), determines the level of development of a society and anticipates the evolution of a certain human community. The costs of access to knowledge are especially important due to the fact that useful knowledge generates progress, new performances in any organization. The costs of access to new knowledge, including in this category: intellectual property rights, technological infrastructure, rapid integration of technological innovations, etc. also influence the level of culture, respect for: freedoms and human rights, which generate important ethical implications on the knowledge and access to information circuit.<sup>3</sup>

Consulting firms have become the components of a true industry of "integrated resources and data bases".

Knowledge-based management uses in its implementation not all knowledge but only "useful" knowledge, which contributes to economic growth and social progress.

The need to manage knowledge seems to be a natural phenomenon, generated by the need to capitalize on the intellectual capital existing in society. In this context, knowledge-based management also contributes to: identifying and locating the intellectual values of a particular organization, generating new knowledge (with a view to gaining competitive advantages), full access to information and dissemination of best practices.

Managing knowledge-based activities and knowledge-based employees is a challenge for both current management and management to be implemented in organizations of the future, as new tasks are needed, etc. Managing knowledge-based activity, knowledge-based employees require the development of appropriate policies and practices. It takes a lot of imagination, courage, leadership. Employees based on knowledge, with the exception of those who are at the first level of activity, cannot be productive if they fear (of job loss, of sickness, etc.) only self-employed workers can be productive, efficient, can be performing and can increase the performance of the organization they work in.<sup>4</sup>

## **2. EMPLOYEES BASED ON KNOWLEDGE**

The goal of management applied in organizations over the last decades is to make productive knowledge. The employee who carries out physical activities, where the work done does not require a great deal of knowledge, is not as important today as a few decades ago. The

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<sup>1</sup> Munteanu, I. Ioniță, V. - Managementul cunoștințelor <http://www.viitorul.org/files/Management.pdf>

<sup>2</sup> Munteanu, I. Ioniță, V. - Managementul cunoștințelor <http://www.viitorul.org/files/Management.pdf>

<sup>3</sup> Munteanu, I. Ioniță, V. - Managementul cunoștințelor <http://www.viitorul.org/files/Management.pdf>

<sup>4</sup> Drucker, P. F. - Management. Tasks, Responsibilities, Practices, TRUMAN TALLEY BOOKS / E.P. DUTTON / New York, <http://icmbpl.com/Management%20-%20Tasks,%20Responsibilities,%20Practices%20by%20Peter%20Drucker%20e%20boo k.pdf>

primary resource of today's organization and future organizations is the knowledge-based employee who uses everything he has learned before, i.e. all concepts, theories, ideas, compared to the employee who only carries out physical work and who he uses his skill or physical strength<sup>1</sup>.

Knowledge makes physical workers more productive. Being productive, for an employee who performs physical work means, for example, how many pieces he performed per hour. Being productive for a knowledge-based employee means above all the quality of the work done. Organizations in which knowledge becomes productive improve the workplace (new requirements, subordination, collaboration, motivation, remuneration, work schedule, etc.) and the organization as a whole. The basic requirement for a knowledge-based employee is to be a graduate, although this does not guarantee that he will become a knowledge-based employee.

Knowledge will not become productive until the knowledge-based employee knows about himself, does not realize what kind of work he fits and especially how to work to become more productive. The knowledge-based employee must be able to plan his / her own activity, find the best way, the way to do whatever work he / she is asked for. Perhaps there is only one way to do an activity, but the path chosen by each employee based on knowledge is best for it and depends on: temperament, physical and mental status, job characteristics etc.<sup>2</sup>.

What motivates knowledge-based employees to stay in the company? Among the most important requirements to be fulfilled are:

- the organization must be at the center of meeting the employees' wishes about the workspace;
- experience at work;
- the ability to learn and collaborate in the workplace.

What distinguishes knowledge-based employees from other employees of the organization is that they are constantly learning, are pro-active, and have clear, established goals in which they are constantly working to meet them.

Employees based on knowledge are more dynamic, have experience, initiative, creativity and determination to generate excellence, possess the useful knowledge that differentiates an organization from its competitors. When these employees transfer their knowledge to others, the results improve and the strategic goals are achieved. These are the performing organizations that are getting better results and thanks to knowledge-based employees.

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<sup>1</sup> Drucker, P. F. - Management. Tasks, Responsibilities, Practices, TRUMAN TALLEY BOOKS / E.P. DUTTON / New York

<http://icmbpl.com/Management%20-%20Tasks,%20Responsibilities,%20Practices%20by%20Peter%20Drucker%20e%20book.pdf>

<sup>2</sup> Drucker, P. F. - Management. Tasks, Responsibilities, Practices, TRUMAN TALLEY BOOKS / E.P. DUTTON / New York

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### 3. PERFORMING ORGANIZATIONS

Organizations are each created for a particular purpose, each with its own mission, even a social role. For business enterprises, the goal is to achieve economic performance. The specific performances of the different categories of organizations are different, depending on the mission for which each organization was created, depending on its field of activity.<sup>1</sup>

Businesses, like any other institution, have only one important resource: the human resource, the employee, the man in fact. Performance in any organization is the result of employees' productive activity. Today, institutions that offer their employees the desired standard of living, appropriate social status, personal fulfillment, professional satisfaction, are performing institutions<sup>2</sup>.

Organization of the activity of the institutions is done for the beginning, according to the entrepreneur's own logic, the manager, but later in agreement with the employee (who sometimes has a different logic regarding the performance of his work), in order to achieve work performance. It is always necessary to achieve a correlation of the work done with the established performances. This correlation leads to the performance of the organization and is the target of the institution's management.

Any organization can become performing if it directs its organizational culture, employees, and leadership to performance. The transfer of knowledge, good practice, needs to be continuous, materialized through learning, adjustment and improvement. Organizations are aware of the fact that "knowing" means having the power and that the transmission of that useful, necessary knowledge is an important element that attracts success, performance.

Organizational culture represents its values, behavior and attitude, everything that contributes to defining the social and psychological environment of the organization. Organizational culture is reflected in: how the organization conducts its work, its behavior towards its employees, its clients, suppliers, the employees' attitude towards the organization's goals, the exercise of power and the information flow within the organization<sup>3</sup>.

Leadership refers to the work of people who are leaders in an organization. Leadership is about to lead a group of people, organization, but also the ability to accomplish this. Leadership means that the leader will establish a clear vision of the organization to be communicated to the members of the organization, with which they will agree, provide information, knowledge, methods to achieve the vision set, and coordination and motivation to all involved. The Leader, especially in crisis situations, is able to find solutions, to act in difficult situations to overcome them.<sup>4</sup>

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<sup>1</sup> Drucker, P. F. - Management. Tasks, Responsibilities, Practices, TRUMAN TALLEY BOOKS / E.P. DUTTON / New York

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<sup>2</sup> Drucker, P. F. - Management. Tasks, Responsibilities, Practices, TRUMAN TALLEY BOOKS / E.P. DUTTON / New York

<http://icmbpl.com/Management%20-%20Tasks,%20Responsibilities,%20Practices%20by%20Peter%20Drucker%20e%20book.pdf>

<sup>3</sup> <http://www.businessdictionary.com/definition/organizational-culture.html>

<sup>4</sup> <http://www.businessdictionary.com/definition/leadership.html>

We think that knowledge-based employees are the ones who developed the two types of intelligence<sup>1</sup>: intellectual intelligence (that is, they have the ability to learn, to create, to make the best decisions), but also to their emotional intelligence (i.e. they have the skills to successfully cope with pressures and environmental requirements).

Performing organizations are appreciative organizations, that is, they recognize, appreciate the value of their employees, recognize and appreciate knowledge-based employees. A principle that they apply is that the employee is a talent to be activated<sup>2</sup>.

Employees, and especially knowledge-based employees, are the ones that make an organization perform. Employees based on knowledge are passionate about their work, they are always keen to overcome their professional boundaries, reach and exceed their own performance, raise the level of performance of the team they work in, the organization they are employed in.

#### **4. CASE STUDY - EMPLOYEES BASED ON KNOWLEDGE THAT CONTRIBUTE TO THE PERFORMANCE OF ORGANIZATIONS - SC ILIANA SRL**

SC ILIANA SRL has the main activity, the manufacture of wooden stratified products. The enterprise is a medium-sized enterprise with a total of 120 employees. The headquarters are in Târgu-Jiu, Gorj County. The qualified personnel are 70%, having the following specializations: economist-engineer, economist, engineer, carpenter, electrician, mechanical locksmith and mechanic. Workers account for 98% of the total staff of the enterprise

SC ILIANA SRL is equipped with advanced machines (CNC machining centers, grinding machines, multiple circulars, etc.). The products are of the highest quality and have a great design. Most customers (over 90%) are external customers (Germany, Austria, Italy).

Performance means numbers, measurements, goals and results, performance is palpable. It's about how many products and services you've made and sold, as an organization, how much or little time you've invested in the various actions taken, etc.

If in the past the organization's environment was relatively stable, the organization retaining the same operating parameters, the same performances over longer periods of time today, and especially in the future, the state of any organization is and will be, a continuous transformation, continuous change<sup>3</sup>.

An important objective of today's companies is to retain the best employees<sup>4</sup>.

The manager of SC ILIANA SRL has set as objectives for the next three years the following:

- ✓ improving the level of qualification of employees;
- ✓ implementation of the Quality Management System;
- ✓ establishing direct contacts with foreign markets, in order to increase the number of customers.

To overcome the performance of the enterprise in previous years, the manager has discovered and motivated knowledge based employees who achieve performance in particular to

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<sup>1</sup> Deaconu, A.; Podgoreanu, S.; Rasca, L. - Factorul uman și performanțele organizației – curs în format digital,

<http://www.biblioteca-digitala.ase.ro/biblioteca/carte2.asp?id=370&idb>

<sup>2</sup> <https://academiadehr.ro/organizatia-apreciativa-si-managementul-performantei/>

<sup>3</sup> Popa, I. - Caracteristici ale organizațiilor bazate pe cunoștințe, *Economia seria Management*, Anul IX, Nr. 2, 2006, p. 40

<http://www.management.ase.ro/reveconomia/2006-2/6.pdf>

<sup>4</sup> <https://www.business-academy.ro/6-strategii-de-motivare-si-pastrare-a-celor-mai-buni-angajati>

achieve the set goals. For the discovery of knowledge based employees, he also applied the "expert search"<sup>1</sup>, through which he identified the knowledge, the intellectual capital of the firm, other than the one already known by techniques related to the Human Resources Department of the enterprise.

To improve employee qualification, it has incurred costs with the qualifications of employees who work in production, human resources, marketing. What benefits does a business (who wants to: increase performance, openness to customers, quality in doing business, informed employees, motivated, and dedicated to the job) a knowledge-based employee? A knowledge-based employee:

- has at least one university degree, is an educated person;
- is creative, finding solutions to all the situations in his work;
- is a good colleague for the team they work in;
- he uses his mind's power, and generally he is not an employee who is among those who perform only manual labor;
- processes the information, interprets it and uses it in its own activity;
- learn to know about everything that is necessary to know and apply in his work.

Thus, with knowledge-based employees, initially in the important departments of the enterprise: production, human resources, commercial, the manager of SC ILIANA SRL manages to improve the level of qualification of the employees, to implement the Quality Management System, but also to establish direct contacts with external markets, thus attracting more customers.

Employees based on knowledge are hard to find, hard to motivate to stay in for a long time in the enterprise, but once they are loyal, they will work to achieve outstanding performance in their work, thus making the enterprise in which they work, a performing enterprise.

## CONCLUSIONS

Employees based on knowledge are the top employees of each company, the elite and the best employees, who have outstanding performance in their work. They adapt to any situation, find the best solutions, has knowledge from different fields and learns continuously. They are the ones with whom the best teams can be built. There are not many employees based on knowledge in companies, but they are the most important employees, and the organization can rely on them to overcome any crisis situation. They are tireless in their work and do it with much enthusiasm, dedication. The organization just has to give employees everything they want and they will give everything they know to the organization that understands, motivated, educated and rewarded. This is the only way to talk about the relationship: knowledge-based, top-performing organization.

Regarding SC ILIANA SRL, its manager understood that without employees based on knowledge, in the current society full of changes, transformations, the enterprise he is leading will not be able to perform. Thus, he discovered and motivated knowledge based employees: a human resources manager (that graduated two faculties), a graduate of technical faculty, and a

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<sup>1</sup> Ceptureanu, S. I. - Intreprineriatul tinerilor în contextul managementului bazat pe cunoștințe, Editura ASE, București, 2015, p 70  
<http://excelenta.ase.ro/Media/Default/Page/ceptureanu%20sebastian.pdf>

commercial manager - speaker of two foreign languages. These, being motivated by the enterprise, but also passionate about their job, formed a team, in which they integrated other employees, with whom they came into contact in their work, solving many situations in the company and who were doing and their work is getting better and are an example to follow for all employees. Employees based Knowledge creates performing organizations.

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