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## **RELATION BETWEEN KNOWLEDGE AND POWER IN THE CONTEXT OF BUSINESS COMPETITIVENESS**

### **Abstract**

#### **Relation between knowledge and power in the context of business competitiveness**

Already for a long time many scientists predicted the growing importance of knowledge in the modern economy, (P. Drucker, A. Toffler). The last decade of the twentieth century has shown that the assumptions were correct. In today's economy, the upper hand have the companies which excellent cope with the management of human capital (intellectual) and the companies acting in the sectors where the essence is not to rely on traditional resources (land, capital). The end of the twentieth century golden age, you can specify the information, mainly due to new technologies for acquisition and development of information without major restrictions. Organizations also sought to raise an increasing amount of information that the collection and processing, but the information noise causes a progressive need for selection, review and interpretation of these resources to become adequate to the concrete conditions and be used to improve business efficiency. This article presents the relationship between knowledge as a key resource for the development of entrepreneurship and the power that comes from having this resource. This theme is modern, because it concerns a new approach to management. The main aim is to show how important it is to acquire knowledge for the development of a dynamic economy.

**Key words: knowledge, power, organization, competitiveness**

Already for a long time many scientists have predicted the growing importance of knowledge in the modern economy, (P. Drucker, A. Toffler). The last decade of the twentieth century showed that the assumptions were correct. In today's economy, companies which excellently cope with the management of human (intellectual) capital and the companies acting in the sectors where the essence is not to rely on traditional resources (land, capital) have the upper hand. Today, knowledge is not regarded as another one of the resources used to raise the competitiveness of enterprises, but becomes a key resource itself. P. Drucker pointed to knowledge as the only significant resource explaining that: *„traditional production elements have not disappeared – soil (i.e. natural resources), labour, capital. But they have become second-rate. They can be gained and it is not difficult to do if you have the knowledge. And knowledge in its new meaning is understood as a facility, is a means to achieve social and economic results”* [Drucker1993:42]. This shift in the plane making business is built on three phenomena [Głuszek 2004: 71]: the permanent widening of knowledge and information (which is expressed by an increase in employment in the research sector), in a rapid specialization of scientific disciplines, in the process of economic globalization, and thus the globalization of knowledge.

#### **The organizational aspect of the relationship between knowledge and power**

Capturing the essence of knowledge as a decisive competitive advantage requires that companies make some decisions with regard to definitions. To date, no universal definition of

knowledge has been drafted. The most often provided as its basic structural element is knowledge (Berger, Luckman), and the ability to use (A. Brooking). In economic terms, its role in making economic decisions is emphasized (in the sense of ownership of information) and it is treated as an economic commodity being a subject of marketing [Kupczyk 2009: 381]. Knowledge is a kind of an institution created in the process of divisible assets and social interaction [Czapla 2004: 273-275]. In the context of knowledge, power must be understood in terms of decision-making, access to resources (their control), the fight against uncertainty (control of sources of uncertainty), and particularly in the context of the superiority (dominance and people with valuable expertise).

There are many interesting aspects of the relationship between knowledge and power in the economic context. We should begin with a statement which has many implications, namely that some knowledge requires some power. The nature of this relationship is best described by the following dependence: a direct reflection of power on knowledge is who decides what is knowledge, while the reflection of knowledge on power is exhibited by who knows what decisions are to be made.

In the economic context, knowledge becomes a source of power and an instrument of control. You can give many examples to support this fact: professional preparation gives a high position, holding informal information makes it possible to influence those involved, knowledge about the needs and expectations of customers gives a competitive advantage, also practical knowledge, such as the knowledge of the etiquette, enables participants to engage in the game of power [Czapla 2004: 280]. All these examples show that different knowledge may be associated with different power.

The interdependence based on the feedback between knowledge and power is worth emphasising. An increase in power does not necessarily mean just an increase in knowledge, but is associated with greater access to information. An effective exercise of power is not possible without the use of knowledge, which makes power favour knowledge and which generates it [Czapla 2004: 282]. This interdependence can be defined also in terms of exchange. Possession of valuable knowledge gives authority understood as access. Knowledge is exchanged for influence, domination or directly on the financial inducements. In this exchange, both factors may provide some value, which is both cost and benefit [Czapla 2004: 283].

### **Knowledge a key business resource**

Knowledge condensed in the form of qualified staff (ably managed) and in the form of technology is a major prerequisite for achieving a high competitive position of a company. As

shown by A. Toffler, knowledge becomes a substitute, since it reduces demand for raw materials, labour, time, space, capital and other production factors. Speaking of knowledge as the capital of the company, we mean not only the sum of the knowledge of members of the organization, but a comprehensive management system linked to the organizational culture and the vision of the future of the company.

From the point of view of the fight for competitive advantage, it is confidential information that is the most desirable, as it constitutes a commodity which is difficult to imitate and transfer. This type of knowledge will always remain in close connection with a particular work environment and is rooted in a particular situational context, which reduces its usefulness for others. Secret knowledge can be communicated only by observing its application, it is not subject to codification, which is its advantage (as indicated above), but also a disadvantage. A negative aspect of low transferability of this knowledge is manifested in problems that managers have with its full application.

There are some specific characteristics of knowledge as a key economic resource, which constitute an argument in favour of the belief that the role of knowledge in the modern economy will keep growing.

<b>The characteristics of knowledge as an economic resource</b>
Inexhaustibility
Intangibility
Ability to organize activities
Humanistic character

Figure 1: Features of knowledge as an economic resource  
Own elaboration

In today's growing needs, there is a problem of limited resources, from which particularly those of a natural character will quickly begin to shrink. This important problem does not concern knowledge, because thanks to constant and unlimited access to all kinds of information via the Internet and human creativity manifested in constant multiplication of available knowledge through new discoveries and processing of existing knowledge, it is possible to continuously generate this resource.

Knowledge is also an intangible resource, since because of its non-material nature, it is difficult to measure, examine, and even calculate it in terms of financial capital. Because of this fact, it is necessary to develop completely new methods of knowledge management that differ from the existing solutions.

From the point of view of a company, a key feature of knowledge is its ability to organize activities. Knowledge enables the acquisition and organization of corporate resources and their coordination to achieve set goals [Jabłoński 2006: 114].

From the point of view of accomplishing knowledge management, a particularly important aspect is its humanistic character, manifested in the rather obvious, but there with many consequences, fact that knowledge is associated with human activity, who is its source.

All these universal features of knowledge as a resource entail serious consequences in terms of its creation, multiplication and application by economic entities. The characteristics of knowledge desired by enterprises are different, as they demonstrate what kind of knowledge is a particularly important commodity to achieve an advantage based on the control of resources and competitiveness.

<b>Characteristics of knowledge relevant to the competitiveness of the company</b>
focused on innovation
as the basis for creativity
effective
network
current
specialist

Figure 2 Knowledge in terms of competitiveness of the company  
Own elaboration

An organization using knowledge to enhance their competitiveness must create conditions to make changes, so it should be flexible. A commodity especially welcome in the modern economy is knowledge related to the learning of an organization and represented in the form of innovation of employees. Not every kind of knowledge gathered in an enterprise is important from the point of gaining an advantage over other economic entities. P. Drucker stresses that: „knowledge is productive only then, when it is used to create something important ” [Drucker 1993: 115].

In other words, the objective of knowledge is innovation and improving efficiency, and its base is human creativity. In today's information society the majority of activities connected with the development of information are done by computers, but speaking of knowledge for the purpose of innovation, it should be noted that only man is able to generate it. Creativity is a characteristic only of man and constitutes a factor of efficient companies that cannot be replaced by anything else.

A contemporary organization in order to become more effective must view knowledge in network terms. The intellectual capital of the company is not a simple sum of the knowledge held by its employees. The subject of knowledge are the members of the organization

operating within the network, and its source is the network of economic cooperation [Jabłoński 2006: 115]. Considering the role of knowledge in generating competitive advantage for businesses, it should be noted that this advantage now largely depends on the quality of relationships with other co-operators capable of creating it [Betlej 2007: 435].

Knowledge relevant from the point of view of a company must be up to date. It is very difficult to determine what this up-to-dateness actually means, because knowledge which is just in the process of having its new form generated often gets outdated. When adopting some assumptions in order to create new knowledge, you may well find that these assumptions are no longer valid, which invalidates the whole process and the effort put into it. An answer to this problem is undoubtedly the above-mentioned network of economic co-operation. It is the necessity to have knowledge that is current all the time that requires co-operation and diffusion.

A company attempting to achieve a high position on the market has to manage knowledge in an effective way, which means creating favourable conditions for its operation within the organization. Such conditions are: the creation of opportunities and rights to use knowledge for innovation purposes, having a clear mission and a clear business strategy comprehensible for its employees, appropriate incentive policies, a good organization of work, the existence of a system for communicating knowledge of experienced workers to younger ones, a favourable atmosphere in the company (far from "unhealthy" competition), creating possibilities and development opportunities, flexible rules, fighting routine in the organization, emphasis on long-term benefits.

### **Conclusion**

By way of conclusion, it is worth quoting P. Drucker, who described the relationship as power and knowledge in contemporary society: „This society must be ordered according to the criterion of specialised knowledge and according to human resources who have knowledge and are specialists. This gives power” [Drucker 1993: 47]. It should be stressed once again that the possession of knowledge as a resource of a company does not guarantee a high competitive position, but having current knowledge, valuable at a given time and participating in business networks consisting of relevant, significant partners.

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