Model Re-building for Enterprise’ Vitality Based on Knowledge Management

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Abstract In the era of knowledge economy and information society, enterprises as a supporter of the social micro-economic, not all of the challenges facing the former is having a transformation that from the traditional resource-based enterprises to the operation of enterprises which are knowledge-based, virtual-enterprise in the modern. The discovery of knowledge, accumulation, conversion and use become a basic force for the enterprise vitality. And how to create a favorable situation to the resources and capabilities of the enterprise depends largely on knowledge discovery activities. This paper attempts to integrate knowledge discovery and enterprises vitality, taking the internal and external environment into account, using relevant knowledge, rebuilding a model of enterprise vitality based on knowledge management.

Keywords knowledge management, enterprise vitality, rebuilding of enterprise vitality

1 Introduction

Knowledge management refers to an organization's management process which contains acquisition, memory, learning, sharing, and innovation of knowledge. Knowledge management is a new management model for enterprises, the starting point is taking knowledge as the most important strategic resource, and to maximize master and use available knowledge as a key to enhance the competitiveness of enterprises. Jisheng Liu thinks that the vitality of enterprises is the essence of life indicators for measuring enterprise, and it refers to as organisms, enterprises through their own quality and capacity in the external environment interaction in a virtuous circle of self-development has shown strong vitality of state. When it is stressed in the vitality of enterprises, the focus is on the evolution of organizations and institutions of the enterprise, improvement of business strategy and related internal evaluation indicators from the current research and practice application situation. Just from the surface to study the issue when concerns knowledge management, less research focusing on how to implement people-oriented, the creation, discovery, conversion and use of hidden knowledge, only to treat it as a new enterprise management functions. At the same time, the relationship between knowledge management and vitality of enterprises, also has not received sufficient attention from people. This article asserts mutual checks and synergistic relationship exists in the vitality of enterprises and knowledge management, a virtuous circle of enterprises is the results because of effective enterprise knowledge, accumulated hidden knowledge, and the discovery and use, and further Promotes knowledge management, become a new engine of knowledge management; And enterprises in the era of knowledge economy have changes from the logistics, financial flow to the information flow, the knowledge flow, made knowledge management become an important method for maintaining the vitality of enterprises and the main tools for enhancing their quality of life, and a great extent determines the success or failure of enterprises. In other words, by using knowledge management can break through the plight of enterprise life cycle and enhance the vitality of enterprises. Because enterprises as a “social life organic body,” it is also different from the life cycle of animals, it has its own unique life cycle, is subject to human factors. And the knowledge management that can enable enterprises to continuously acquire new overt and hidden knowledge accumulates in enterprises, the quantity and quality of accumulated knowledge can eliminate certain objective factors, and extent the life cycle of enterprises. Traditional enterprises are experiencing a cycle of life which contains four stages: growth -development-mature-recession. And the model of life cycle of knowledge management of enterprise should be a virtuous circle of development, enterprises can make timely management and technological innovation before entering recession because of the existence of knowledge management, and may have some breakthroughs and innovation, and anchored and ushered in a new round cycle of development,
2 Factors Affecting the Vitality of Enterprise

Enterprise as a unique social life organic system, the state has “viability” and “growth competitiveness” and “regenerative”. Survival is the minimum condition of the existence of enterprises, growth is a prerequisite for enterprises to expand the size, and regeneration is the important means to continue in the increasingly fierce competition and changing environment, it is also the highest realm self-development and self-improvement. The three factors are united indivisible system, and they are interdependence and mutual checks and constitute an integral part of the vitality of enterprises. At the same time, the vitality of enterprises as a comprehensive indicator, it not only organic combination of the enterprise of the static and dynamic, micro and macro, the quality and quantity, but also the overall level of expression of the production, operation and management. Therefore, it is necessary to separate the discussion of the factors which affect the vitality of enterprises.

2.1 Viability

The main factors affected viability of enterprises are environmental factors and concepts. Enterprises as life-organisms that can survive in the right environment, the environment plays a crucial role for the survival and development of enterprises. Knowledge management makes that the survival of the environment more harsh in great background of the knowledge economy, also promote the form of diversification of enterprise, emergence of the virtual enterprise, borderless network of economic enterprises as well as other enterprises, which requires a fresh look at the survival of the business environment factors. Major environmental factors are economic environment, environmental laws and regulations, as well as financial environment. Economic environment in which the economic cycle, levels of economic development and economic policies directly affect the model of financial management goals of the enterprise, however financial management objective is an important component of the enterprise management, and determines the existence of enterprises. Environmental laws and regulations for business operations will provide a space for activities, as well as a protection for free operation in the corresponding space and decide the organizational form of enterprise in a way, and farther decide the management agencies of enterprise. Financial environment is very important for enterprises “take history forceful”. Financial markets are mature or not, determine the size of risk system when corporation finance, investment in the financial environment, and the use of favorable conditions directly affect the viability of enterprises.

Management concepts change follow environmental changes, and enterprises should be quickly accepted a new management model. Enterprise in the knowledge society should combine its characteristics and format a management model rapid which is suit for its characteristics. Survival rules of enterprises in the 21 are not “big fish eat small”, but “fast fish eat slow”; Not “product” as the center, but “clients” for the center. Concept is very important, what kind of values, there is what moves; No concept, just as the engine lost engines.

2.2 Growth capacity

Expansion of enterprises, the profitability of the business, and resource development potential as well as development strategies of enterprise have impact on the development capacity. Firstly, establishment of the enterprise was not only to survive, and even complete the task, more is expanding scale, such as the merger and integration now. Expansion of enterprise is helpful of the growth of enterprise. In the condition of knowledge management, the expansion of enterprise makes value chain of enterprises continuously extended. Added-value chain shows that enterprise has a strong growth and expansion of power on the growth. Secondly, the general purpose of business enterprises is to profit, no economic profit, and enterprises can not survive, let alone grow. Profitability is shown through a series of financial indicators, such as the net asset yield, the total assets of return, primary business profitability, creating operational profit growth, profit margins and net sales rate. Again, enterprise resource potential mainly refers to the redundancy of a number of internal resources and available external resources. Internal resources are available to redundant are currently idle resources owned by enterprises, the overt and hidden resources of knowledge resources can be found through mutual conversion functions in
order to expand the capacity and use effectively in the operating activities of enterprises, thereby promoting the development of enterprises. External resources enterprises can be used refer to the number of available external resources, and can be absorbed and filtered through knowledge management, and the basic theory of the value chain will be used for these external resources in order to integrate and use. The potential of these resources determines the growth and the volume of resources in the process of growth which support the development of enterprise. Finally, there must be suitable for their own development strategies for enterprises. These development strategies must be in line with cycle that enterprises are growing, capacity, environment, the availability of resources as well as business goals. In the condition of knowledge management, changeable business life cycle, harsher environment, and strengthen of own capacity and the volume of resources can significantly affect the growth of enterprises.

2.3 Renewable capacity

Adaptability, innovation, concerted efforts, creativity of value can affect the regeneration of enterprises. Adaptability demonstrates the coordination and harmonious relationship in external environment and internal changes in the enterprise. High resilience is the basis for the existence and development of enterprises, and is also a precondition for the rebirth of the enterprise. The emergence of knowledge management, on the one hand, make enterprises have to adapt to new challenges (knowledge discovery, knowledge channels, knowledge quality, intense competition, open organization patterns); On the other hand provide greater room for growth (in the condition of knowledge management, a new management model identifies new profit growth point). Innovation is important for an enterprise to develop, where innovation is sufficient to affect the survival, methods of growth resource development, organizational structure and management system on the basis of the original enterprise after reform, such as the innovations of research of technology, strategies, management of customer relationship. Coordination mainly is the integration of resources available within enterprises and the resources available to external enterprises, and re-integration of the resources of both is much larger, and not less than or equal to the sum of both, they would no longer be a combination of numbers, but a complete, integrated whole. The size of coordination directly impacts renewable capacity. Finally, creativity of the value is the ultimate profit contribution rate of tangible and intangible assets of enterprises. Only added-value will be accepted by the market, and will have possibilities of survival and growth, increasing value will attract more resources to input, than expanse the resource capacity of enterprise, thereby renewable power of enterprises will be safeguarded.

3 Rebuilding Model of Enterprises Vitality Based on Knowledge Management

3.1 The concept of Rebuilding of Enterprise Vitality

In a different environment in which enterprises will adopt different strategies and strategies, it will not always follow a model to ensure the survival or development of the business. Similarly, the factors which impact on sustainable development of enterprises will change with environment. Some factors may is unimportant for the development of enterprises in the traditional conditions, but in the era of the knowledge economy it may be very important. For example, intangible asset is unimportant in-kind assets of the main businesses in the traditional, or even negligible, and the development and management of intangible assets is considerable lag, but it is not a hazard for the survival and development of enterprises. However, in the era of knowledge economy, virtual enterprises, networks of enterprises and non-economic boundaries enterprises have made intangible asset have a unprecedented improvement of the status and the use of knowledge and information directly define the success or failure of enterprises. Thus, analysis of the factors affected the vitality of enterprises in order to re-establish the model of enterprises vitality will be very reasonable.

3.2 Rebuilding Way and Method of Enterprises Vitality Based on Knowledge Management

3.2.1 Rebuilding of organizational structure

Businesses in the era of knowledge economy have a different environment and changes than before. The external environment is global economic integration and intense competition, the internal environment is that organizations are complex and changeable. Therefore, the form of business
organizations in the condition of knowledge management is flat, virtual, open. Innovation, customer targets, the responsibility of enterprises and human resources management should be become operating additional indicators; management mechanisms tend to be rapid, charm leadership, open interactive communication, flat management, soft-management and structure of “bottom-up”. And try to minimize middle management and middle managers in order to avoid the dissemination of information and misinterpretation of knowledge.

3.2.2 Diversification of business models

Business model is a series of contractual relationships which rely on the business transaction criteria, creating format, change or use rules to format the most conducive to their own. [1] Simply, the business model is the money invested companies, the value generated from the original piece by piece into one through operating. In the era of knowledge economy, how to break the traditional commercial model, establish a suitable business model in line with the economic realities, is the key to the success of enterprises. Business model is the method to settle the operation, the core problem of which is an internal and inter-enterprise knowledge management, both of which are increasing their core competitive advantage and achieving business value. Now the operation is diversified, the different enterprises have different core resources and different competitive advantages. Therefore, enterprises should choose business models which suited to their own development and based on their own characteristics and core advantages. Just like Haier use corporate culture and services, and quality of product has chosen as its unique business model by cymbidium. For example, clustering of supply chain management, outsourcing, formation of value chain alliance, networked manufacturing, and virtual-type production as well as the zero inventory by JIT system and so on. These can improve the competitiveness of enterprises and promote effectively functioning of enterprises.

3.2.3 Reshaping enterprise culture

Enterprise culture is the hidden knowledge of the enterprise, than the overt knowledge much times, is a genuine force for knowledge-based enterprises which are able to exist, development and regeneration. Therefore, the shaping enterprise culture is adapting to the trend of the times and modern management is the integration “people-oriented” and “knowledge-based”. People-oriented demands respect and attentions to the needs and values, people are the focus of enterprise management. Particularly knowledge workers of knowledge-based society as the main body of knowledge that they have a strong motivation for self-development, the pursuit of the realization of capacity and value, the factor is an important factor in enterprise development. Therefore, managers understand that company are employees’ company, employees hold the fate of the company. Knowledge-based requires enterprises to take knowledge as the driving factor of development; as a growing proportion in the enterprises intangible asset (knowledge is replacing capital, natural resources and labor, and is the most basic economic resources); as a key factor which constraints the survival, development, renewable of enterprise.

3.2.4 Management of knowledge based staff

Strategy for knowledge based workers as following two aspects:

(1)Provide a dream with staff. Knowledge workers are no longer satisfied with the material needs, staff satisfaction, enthusiasm and staff retention are greatly decided by spiritual needs. Therefore, company provides employees a dream, takes them into the process of development, gives staff a platform so that they display their values, such as opportunities of promotion, knowledge sharing and conversion, so that they can feel to achieve to self-worth and social value.

(2)Take staff as “investors”, enterprise is not a person’ business, but is employees’ enterprise, so it is necessary to recognize the status of employees in order to take them as shareholders or creditors of enterprise. Taking their own assets such as knowledge, experience and technology into company when they play wealth creators, donors and operators roles, they will be positive to provide their own wisdom. From the psychological contract perspective, company can use participatory management, participation, quality circles, staff holding, and management program and so on to achieve this staff position. This can not only increase the participation, loyalty and satisfaction of staff, but also can facilitate more emotional to input.

3.2.5 Focusing on customer relationship management based client-centered
Who owns the consumer, who will occupy the market and have the initiative of development? And in the transformation from seller's to a buyer's, in the context of space of the remaining production capacity and increasing customer choice, customer needs are diversified. Therefore, customer relationship management theory based client emerge. Customer relationship management is a management concept which improves the relationship between customers and enterprise, and implements links which directly contact with clients within the enterprises, such as markets, marketing, technical support and so on. Its purpose, on the one hand, is to provide the rapid and personalized services to maintain existing customers and attract more customers, on the other hand, through optimize internal workflow to reduce the cost of acquiring customers and retaining customers.

If focus on customer relationship management, we must:

1. Firstly, change management concepts, from a “product centered” to a “customer centered”, establish enterprise concept “interest from customers”. Secondly, through data analysis and data excavation, identifying useful, effective and potential knowledge, establish customer database. Data excavation is through data summarization, data classification, clustering and data link rules as well as other methods to find knowledge. Thirdly, to give internet a chance to play the full role, to establish their own web sites; to communicate with customer by e-mail. Fourthly, to use a management consulting firm to carry out the necessary diagnostic, and help enterprises to choose suitable software and implement associated program.

4 Conclusions

In sum, with the economic model change in speed, services, information, technology, virtual value, cluster-style and coordination constantly integrate. Now traditional management methods can not support the survival and development. Because in the era of knowledge economy, the soft world dominates hard world, hidden resource drives overt resources, intangible assets is more than physical assets, and an ever-growing share represents in the value of enterprises. Rebuilding enterprise vitality is to establish a new development concept in the original concept, re-determine the factors of constraining the development of enterprises, and create a development model which adapts to the era of the knowledge economy. On the basis of effecting factors of, this article builds the model of rebuilding of enterprise vitality based on knowledge management, and clearly comes up with the processes and way including rebuilding of organizational structure, diversification of business models, reshaping enterprise culture, management of knowledge based staff, and focusing on customer relationship management based client-centered

References