

Chapter 5.10

Renewal and Personal Mastery in Knowledge- Based Organisations: The Case of a Finnish ICT-Company

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ABSTRACT

Being knowledge management crucial to companies, it seems reasonable to understand an organisation intellectual capital. The three leading components of intellectual capital (human capital, structural capital and relational capital), are intrinsically bounded to the organisational ICT system, organisational structure, and to workers personal mastery. Nonetheless, in order to evolve organisational intellectual capital it is required a high level of personal mastery, which is clearly bounded to human resources. Therefore, this chapter aims to promote a theoretical and empirical discussion in order to understand the diverse dimensions between renewal, personal mastery, and employee wellbeing within a knowledge-based organisation (Finnish ICT-company). For

that, the chapter is divided into six major sections: the research questions; theoretical framework and main concepts; the case study organisation and research methods applied; findings; discussion; and future research.

INTRODUCTION

Powerful technological development in society and the Internet has changed world business structures and communication infrastructure massively since the 1990s. The Internet, which enables global activities and enhances globalization, has caused an ever-faster changing business infrastructure in which knowledge at all levels plays a more crucial role than ever before. Knowledge and the ability to renew are therefore among an organisation's key assets (Harrison & Kessels, 2004).

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Plentiful research exists in many scientific fields on the organisation of learning, quality management, and change management. However, general wellbeing at work is current particularly in technology, economics, psychology, and social science research. A common understanding is that work environments must become more people-friendly for organisations to continue to innovate, creating better products and services for changing markets in a growing, knowledge-based economy (Torvi & Kiljunen, 2005). As everything in the world connects and changes, the ability to adapt and to renew becomes crucial to organisations and individuals (Stähle & Laento, 2000). *Learning and change* always go hand in hand: change prompts learning and learning is a way to change. *Change management* means- among other tasks- managing team learning, individual learning, and learning at an organisation level (Ojala, 2002; Argyris & Schön, 1996). It is the starting point to studying renewal. This study aims to recognise the state of an organisation's *intellectual capital* (IC). When weaknesses and strengths are acknowledged, processes and procedures can be developed from the results.

This article is based on a study carried out in spring 2005 in a Finnish ICT-company supplying information services to a large ICT company. The study looked to increase empirical knowledge of the *renewal ability of knowledge-based organisations*, and of *employee wellbeing* in a changing work environment. The purpose was principally to investigate the state of IC in that organisation. The theoretical background for the investigation stands on principle elements of a learning organisation and IC. Research methods were qualitative; the empirical data consisted of interviews within the case study organisation. Experts, it was assumed, to possess qualities of personal mastery, and a personal responsibility for learning. It was interesting therefore to examine how an organisation's culture and structure support or inhibit the expert's renewal ability and contribution to the

organisation's ability to innovate and work effectively. In order to perform well, it is crucial to evaluate employees' personal mastery, in relation to the organisation's culture, values, goals, structure, and management practises. Performing well is also a question of power and how it is shared between employees, management and partners. In further sections the theoretical background of the study is presented, the research methods applied are described, and the main findings of the study reported. The article concludes by discussing the findings and further studies.

THE RESEARCH QUESTIONS

Traditionally, human resource (HR) managers have been responsible for enhancing and developing the organisational knowledge that resides in people. IC, however, belongs to the organisation as a whole. Organisational structures should support the development of organisational knowledge and competencies based on it, transforming those competencies into the property of the entire organisation. Before IC can be measured or developed, its present state must be investigated: existing processes and structures and their effects must- for instance- be known. By acknowledging the present state of competencies and their related renewal ability, the present state of an organisation's IC can be investigated and its commitment issues shared. To understand developing activities is part of investigating the present state of IC, because an organisation must balance economical objectives and intangible resources (Rastas & Einola-Pekkinen, 2001). In this study, the author examines organisational renewal through the central issues of its IC, including knowledge management (KM), relations with business partners, and structural capital, a critical factor between the human capital and the customer capital of an organisation. The research questions were set out as follows:

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