

# **Increasing the company's performance in knowledge society**

*Zvyšování výkonnosti podniku ve znalostní společnosti*

M. ODEHNALOVÁ

*Faculty of Economics and Management, Czech University of Life Sciences,  
Prague, Czech Republic*

**Abstract:** The management of changes, innovations, knowledge and human resources of a company are among the crucial factors having an impact on the performance of the company. An organizational change is one of the first conditions for the successful increase in the company's performance if the system approach to the management of changes is observed. A company or its management, if it wants to be successful and to increase the company performance, must strive to change the processes, values and thinking of people, bring new innovative ideas into business and to verify them in the everyday practice. All corporate potential must be used for high-quality innovations that bring profit in the end. If the knowledge management is implemented, the corporate knowledge can be used more efficiently. Management of human resources and work performance ranks among the most-demanding management spheres, having an impact on the overall corporate performance.

**Key words:** management of changes, innovations, knowledge, knowledge management, human resources

**Abstrakt:** Řízení změny, inovací, znalostí a lidských zdrojů podniku je řazeno ke stěžejním faktorům ovlivňujícím výkonost podniku. Organizační změna představuje jednu z prvních podmínek pro úspěšné zvyšování výkonnosti podniku, pokud je dodržen systémový přístup řízení změn. Podnik, respektive jeho management, pokud chce být úspěšný a zlepšovat výkonnost podniku, se musí snažit o změnu procesů, hodnot a myšlení lidí, přinášet do podnikatelské činnosti stále nové inovativní myšlenky a ověřovat je v každodenní praxi. Pro kvalitní inovace přinášející v konečném důsledku zisk je nutné využít veškerý potenciál podniku. Implementací znalostního managementu lze docílit efektivnějšího využití podnikových znalostí. Řízení lidských zdrojů a pracovního výkonu představuje jednu z nejnáročnějších oblastí řízení podniku, která má vliv na celkovou výkonnost podniku.

**Klíčová slova:** řízení změn, inovace, znalost, znalostní řízení, lidské zdroje

The conditions for the operation of Czech companies have been changing dynamically according to Truneček (2004) and Hron (2006), not only in the relation to the crucial change of political conditions of the Central and Eastern Europe at the end of 1980s, but also upon adoption and acceptance of the still more intensive impulses from the European Union. Changes are symbolized, above all, by the sharpened competition battles at various markets according to Košturiak and Frolík (2006) and Svoboda (2007),

increasing customer demands on the final product or launching new information technologies that spread not only to the industrial, financial or business institutions but especially to individuals, the common users. To provide for an effective management, the methods of discontinuous and continuous improvement are applied in companies, depending on the importance of changes; these methods draw on the experience verified in the practice, above all by Japanese and North-American companies, according to Košturiak,

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Supported by the Ministry of Education, Youth and Sports of the Czech Republic (Project No. MSM 6046070904).

Frolík (2006). However, in order to create a competitive advantage, it is essential to use the resources owned by the company and to develop such resources purposefully. The article results from the research of the current issues involving an increase in the company performance in the knowledge society according to Tvrdoň (2006). The research analysed determinants have an impact, according to the specialized literature, on the overall corporate prosperity and performance – management of changes, innovations, knowledge and human resources, according to Kopčaj (1999), Pitra (1997), Trnecák (2003), Vymětál et al. (2005).

## MATERIAL AND METHODS

The research strived to find out how the contemporary European machine-producing companies settle the issue of the chosen determinants and what are their strong and weak sides as compared to their competition. Furthermore, based on an analysis of a selected Czech company, we wanted to characterize the impact of improvement programs on corporate performance. The research aimed at bringing new information for the sphere of corporate management and performance improvement in the present knowledge society. The research made use of a deliberate selection of partner companies operating in the Czech Republic and Germany in the processing industry (45 in the Czech Republic; 45 in Germany). One Czech industrial company with more than 1 000 employees was chosen for the improvement program. Questionnaire investigation, evaluating the benefit of the improvement program, was attended by 41 workshop participants, chosen randomly from those present during the given period. The research made use of the following methods: questionnaire research and non-standardized non-structured interviews. Data gained from the questionnaire research were processed by the program SPSS 11.0; MS Office programs were used. Questionnaire data were assessed by the means of contingency tables ( $n$ , %); scores were given to every statement based on the score scale selected; the relative success was calculated (in view of the maximum possible score).

## RESULTS OF THE ANALYSIS

### Corporate management of changes

In order to be competitive in the market, a company must not only care for its human potential but also support innovative activities and create an atmosphere

supporting changes. Employees of Czech and German machine-producing companies have a rather positive relation to the implementation of changes. Czech machine-producing companies prefer and use team work to manage changes and consider it important for the implementation team to have the necessary knowledge. The assessed German companies use corporate culture and team work in order to implement changes. A rather negative evaluation manifested itself upon the engagement of consulting companies in order to manage changes in a company as well as the problem of non-systematic management of changes or support from company management. The research showed how a company's success depends on communicating the changes to its employees as well as the support for change implementation shown by the management and the positive impact of corporate culture. An essential role of human capital was proved during the implementation of changes in a company; concerning productive workers and the management, their team work and the overall corporate culture, this influences how a company copes with changes and how it is in harmony with the opinions published in current specialized literature.

### Continuous corporate improvement program

It was proved that the programs making use of e.g. Japanese Kaizen methodology may have a positive impact on the improvement of corporate prosperity. Improvement workshops have a rather positive impact on the improvement of the corporate performance; the communication among the participants is effective. Generally, improvement programs have a rather negative touch; their image has not improved; and the settlement of long-term tasks and lacking management support are still a problem. Statistic verification proved that the success of a workshop depends on its good planning, progress and communication.

Analysis outputs agree with the specialized literature that a change is managed effectively if it is communicated and supported by the management. Improvement workshops have an impact on the performance improvement if they are managed systematically and globally.

### Corporate innovations

Progressive innovations are the key prerequisites for the success of a company. Human resources are of the crucial importance for the company; together with the corporate processes and values, human resources

influence the efficiency of work atmosphere. We have found out that the success of innovation management is very good in average in both countries. Czech machine-producing companies feel that their innovative activities are supported by management; their weak point consists in the underdeveloped cooperation with research institutions or other specialized institutions. Weak point of Czech machine-producing companies may consist in a lower functioning of IT systems supporting their monitoring. German machine-producing companies use both management support and successful development of employees' innovative ideas for their innovative activities. Their weak point consists in their failure to quire new information at specialized fairs and conferences. German companies pointed out to the successful implementation of innovations from previous to current products. Companies omit the use of patents and licences resulting from the created innovative ideas. Research results prove that the development of innovative ideas from company's employees will be the stronger the more intensively the management will support innovative activities.

### **Corporate knowledge**

Czech companies feel competitive; but they have problems due to an unsuitable structure of clients. Product production is of good quality and it might be

good to pay attention to the possible problems related to product logistics. Corporate solvency is a strong point; however, management should focus on correct investment timing or a suitable investment planning. The SW and HW equipment for professionals is a matter of course in Czech companies at present.

German machine-producing companies rank among the players with a successful and strong market position. Products have a good quality; this is supported by good machine equipment of the companies. Corporate logistics is a problem No.1. German companies feel successful in investment estimates and cooperation with bank institutions. The use of corporate outsourcing remains a weak point. The assessment of research results proved a good level of the workers' productivity as well as the foremen's knowledge.

### **Corporate human resources**

The average level of human resources management is very good in both Czech and German machine-producing companies. Czech companies are successful in defining long-term corporate strategies and visions; but they have deficiencies in defining strategies of knowledge management of human resources. As regards systems, they often have a well-defined educational and training system but omit the issue of remuneration and benefits. Companies can mostly rely on a competent and experienced

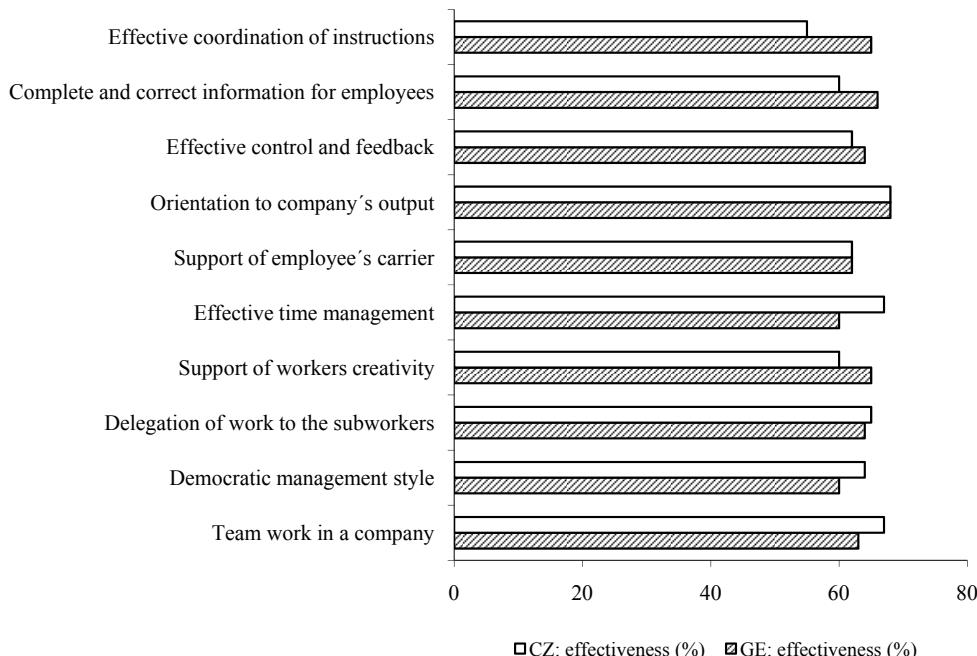


Figure 1. Human resources: Management style (Czech Republic; Germany)

management; however, the proportion of men and women in the management positions is very unbalanced. Product quality remains an important value for companies. Most Czech machine-producing companies have a strong background in the development and construction personnel; the knowledge of personnel working in supportive departments may be a weak point. German companies feel strong in defining their short-term strategies for human resources management. Generally, the systems of German companies can be assessed as very good as well as the stability of organizational structures. The technology personnel in German machine-producing companies has an excellent and extensive knowledge; the knowledge of personnel working in supportive departments is poor. The questioned companies assess the level of personal relations in their company positively and point out that their personnel shows little enthusiasm for the improvement programs. The analysis results agree with the specialized literature and stress the importance of corporate culture for the development of human resources and their knowledge.

## DISCUSSION

The detailed investigation confirmed the pre-requisites discussed in the specialized literature and the research results confirmed the benefit of the determinants chosen in order to improve the corporate performance. Generally, the analysis results can be interpreted for a set of companies in the machine-producing industry (and the general principles for the business unit as such, in the wider sense). The application of the Japanese method Kaizen is considered suitable in order to improve the corporate performance; the method can also be implemented in non-production companies and their parts, including many fields of the national economy. In spite of the fact that the method originated in the car industry in the previous century, if it is adjusted to the individual conditions of the respective business entity, it may be used very efficiently. The method must be implemented very sensitively because it is characteristic of a certain formalism and this may de-motivate the employees if implemented in an unsuitable way. Based on the research results, the published theories and the practical experience in a production company, in order to improve the corporate performance, we can recommend concentrating on the system of change implementation in a more detail, gaining knowledge for change projects, innovations, development of knowledge from internal

corporate sources and cooperating with specialized institutions. Last but not least, we have to stress how important it is to motivate employees; motivation has not always been at the level desired, as shown by the analysis results of Czech companies. We can recommend supporting the management structure, concentrating on the correct definition of complex management strategies and knowledge development both from the long-term and short-term perspective. And, finally, developing the art of communication in order to manage a company.

## CONCLUSION

The present demanding environment surrounding presents many demands for the effective corporate management and performance improvement. However, it also brings many difficulties that must be faced by the management every day. Therefore, we have to stress the key element of the determinants investigated – human resources of a company, the man with all his characteristics, knowledge and weak points. The management art starts and finishes with the man.

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Arrived on 12<sup>th</sup> September 2008

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*Contact address:*

Marie Odehnalová, Czech University of Life Sciences in Prague, Kamýcká 129, 165 21 Prague 6-Suchdol, Czech Republic  
e-mail: odehnalova@pef.czu.cz

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