

## THE LEARNING ORGANIZATION - PARADIGM EXISTENCE OF BUSINESSES OF THE NEW ECONOMY

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**Abstract:** *The new economy has caused a change of the form of organization and existence of businesses, as well as to the important almost tectonic changing role of traditional factors of production. Land, labor and capital take an important place in the production process today, the primacy or more receive new factors of production such as information and knowledge in particular. In such a market milieu created a new paradigm of organizational structuring business entities, which is based on knowledge as the main driving force. The learning organization is a new form of business organization that their existence is based on today resource most important business entities, and that is knowledge. Permanent implementation of innovations and their transfer to the manufacturing standards and concrete products is a requirement that permanently raises the market operators of the new economy, and there just comes to the fore a learning organization. The paper will be listed the basic characteristics of a learning organization, knowledge as the main factor of competitiveness of modern businesses and the possibility of forming a projection and construction of learning organizations to spread Southeast Europe.*

**Keywords:** *intellectual capital, knowledge, factors of production, innovation*

### INTRODUCTORY REVIEWS

The modern market environment faced with intense competition that affects the business existence of all economic entities imposes the same constant tendency to create new sources of competitive advantage, and which finds its source base in its knowledge more and more.

Knowledge is becoming the most important resource of the 21<sup>st</sup> century, which enables economic entities that have an adequately defined knowledge management strategy to have significant comparative advantages in relation to businesses that are not sufficiently mastered by the skills of investing and managing knowledge. In such circumstances, more and more proponents of the transformation of traditional organization and profile of business entities into a new form of organization that has a knowledge in their focus, and this new product of economic science is the learning organization.

### 1. Knowledge - the fundamental factor of competitive advantage

The focus of the management of modern business subjects lies in the ongoing struggle for knowledge as a fundamental factor of competitive advantage. It is generally accepted that knowledge in modern market conditions represents the base component survival, growth and development of business

entities. Today knowledge takes on the role of a strategic resource that is in direct proportion to the competitive advantage, which means that with continuous innovations and strengthening the role of knowledge in business, the business entity strengthens its market position and creates a positive image of its reputation. Although there have been numerous attempts to systematize knowledge, man has only managed to systematize his knowledge in modern civilization, and the best testimonies of a high level of systematization of knowledge are "two monumental buildings of crystallized knowledge such as Euclidean geometry and Newton's mechanics" (Milačić, 1999, p. 27) .

The central part of the business iterations of management in modern companies relates to the collection of information, which directly affects the increase of demands placed on employees regarding the level of their education, due to which employees have to strive for a higher level of specialization. In particular, the knowledge of employees comes to light with regard to the high degree of "economic literacy" they must possess in the identification of market signals that directly determine and influence the market existence of business entities. Knowledge is not only the most important factor of the competitive advantage of every business, but it is an important factor in determining its value. It is generally known that the value of an enterprise is determined precisely by the collaboration of numerous factors, such as physical assets, financial assets, intellectual capital, cultural capital, then its reputation and the spiritual capital it owns. What distinguishes knowledge from other components of the assets of a business entity is that although knowledge is the key, or the fundamental factor of competitive advantage, it is not the property of a business entity, it is solely the property of an individual, because knowledge can be linked only to each individual person individually.

A business entity in the process of knowledge creation must incorporate several important steps that will lead to the sublimation of new knowledge essential for further advancement, which involves the collection of adequate data, their transformation into information and, finally, the creation of a new intellectual aggregate, which will be the most important strategic instrument in the operationalization of the competitive advantage business entities.

Knowledge represents an "intangible, non-material resource" that, unlike other resources of an intangible nature, can be collected, stored and transmitted as an image, text, and speech, which is

another specificity of it in relation to all other resources of this nature. Also, thanks to the development of information technologies, knowledge can be managed more and more often, and it is often found that the total knowledge of the business entity is greater than the knowledge they actually use. The big and significant problem faced by business entities relates to the preservation of the knowledge base due to the fluctuation of employees. The aforementioned information technologies allow, to a certain extent, the collection of explicit knowledge materialized through rules and experiences, but a much larger problem arises when it comes to the accumulation of experiential knowledge, as existing information technologies are limited in this respect.

In the function of easier knowledge management, it is necessary to classify knowledge according to certain criteria. The most commonly accepted criteria are those published by OECD, according to which knowledge can be classified into the following categories: (OECD (2001), *The Well-being of Nations: The Role of Human and Social Capital*, pp. 78): a set of facts or information, Know what (know what), knowledge as the cause or basis that makes the subject matter, i.e. to know why that relates to scientific knowledge, then knowledge as a set of special skills and the ability to do something, ie. know how and knowledge that identifies individual bearers - know who.

Often, scientific discussions point to knowledge as an important factor of competitive advantage and a source of creativity for the value of business subjects, but does not analyze the direct impact and repercussions of knowledge on the competitive advantage of an undertaking. Christopher Meyer shows the best view of the implementation of knowledge in terms of value creation and its transformation into profit highlighting five key features necessary for a commercial entity to compete in profit-making using knowledge (Meyer, 1998, p. 13): the material result of intellectual work is public knowledge, but the creative process has a more hidden character, public knowledge is faster and easier to spread in global terms, after the transformation into goods or service, public knowledge greatly reduces the value of the whole basic infrastructure necessary to maintain competitive ability. Knowledge creates knowledge and multiplies thanks to their application, while at the same time tangible assets of use only consume and decrease, and rapid growth of knowledge essentially aggravates the longer preservation of leadership in a certain area, so that the global economy rewards not only creators, but also imitators who know how to use knowledge effectively.

Knowledge possessed by one business entity can be systematized into the following three main categories of knowledge, which are presented in the following tables:

**Table 1.** Overview of the systematized knowledge of the enterprise

INTERNAL	EXTERNAL	KNOWLEDGE OF EMPLOYEES
<ul style="list-style-type: none"> <li>✓ Culture, history of business entity</li> <li>✓ Strategic directions at the level of the enterprise and at the departmental level</li> <li>✓ Organizations, partners and other formal relationships</li> <li>✓ Interest groups and other informal forms of connections</li> <li>✓ Individuals – who are experts</li> <li>✓ Processes</li> <li>✓ Products, services</li> <li>✓ Systems, tools</li> <li>✓ Patents, technologies</li> <li>✓ Written and unwritten rules</li> <li>✓ How to find them</li> <li>✓ How to use them</li> <li>✓ How to succeed</li> </ul>	<ul style="list-style-type: none"> <li>✓ Consumers, markets, needs, wants, market activities</li> <li>✓ Competition, activity, market, known strengths and weaknesses</li> <li>✓ Laws and rules that have an impact on the organization</li> <li>✓ Changes in technology – known and planned</li> <li>✓ Suppliers and changes – planned and potential</li> <li>✓ Global changes</li> </ul>	<ul style="list-style-type: none"> <li>✓ Language and well-known cultural experiences</li> <li>✓ Interests and other employee experiences</li> <li>✓ Training and education</li> <li>✓ Professional affiliations and membership in various sections, clubs, associations, etc.</li> </ul>

Source: Šijan, 2007, 25

The data table shows three types of systematized knowledge within each business, which can be segmented into the internal, external and knowledge of employees. Within the internal knowledge we identify the culture and history of the enterprise, its strategic directions, etc., in the domain of external knowledge, we notice competition, changes in technologies, suppliers, etc., while in the knowledge of employees we distinguish training and education, professional preferences, language, etc.

In the end, the sublimating importance of knowledge in the business of companies and the creation of their value and competitive advantage, we can identify three key values of knowledge: discretion of knowledge which underlines that the original is a collection, and a copy is cheap, the availability of knowledge, whether knowledge has the character of the public good and information character that does not disappear after consumption.

## 2. A business entity - a user, but also a "creator" of knowledge

Businesses in the modern market are nothing more than a "laboratory for the practical implementation of theoretical knowledge".

Through the application of knowledge in economic subjects, its transformation is carried out from an abstract to a concrete form applicable in all spheres of human activity and work. Although business entities constantly strive to implement and transform the knowledge of employees into specific products and effects, we must be aware that about 70-80% of the knowledge of employees is actually hidden knowledge. Therefore, we can say that the main problem of modern business entities is precisely the process of transformation of knowledge into a continuous dynamic process, and it is constantly pursued in economic subjects to encompass the entire knowledge of employees through the development of modern information technologies.

In order to take advantage of all the benefits that knowledge brings in business, business entities need to strive to manage knowledge, or to create proactive knowledge management measures.

The knowledge management process can be seen in several key aspects, and the three are the most important ones (Koska - Balje, 2015, 29):

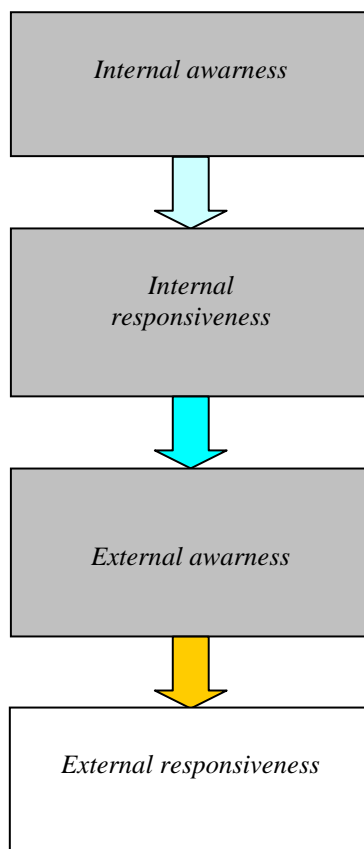
- 1) **Evolutionary** - sees values from the past, but also opens the door to the future. A key component is the desire of managers and employees for advancement.

- 2) **Cultural** – it strives for radical changes in awareness, behavior, understanding, creativity and innovation.
- 3) **Technological** – enables continuous incorporation of new technologies, faster flow of information, links, databases, etc.

The modern knowledge management concept or English knowledge management within itself includes a whole range of activities such as collecting, organizing, storing and sharing knowledge in order to achieve the goals of a business entity, as well as adapting the business to constant dynamic processes of the market environment. The central role in knowledge management has a permanent interaction between employees and the business entity. Through knowledge management, it tends to create preconditions for utilizing the necessary knowledge at the right time, in the right place and in the direction of the goals set.

Well-sophisticated knowledge management in a business entity should enable the creation of a knowledge chain consisting of the following elements:

**Figure 1.** Knowledge chain



*Source: Koska - Balje, 2015, 33*

The previous figure 1 shows the knowledge chain that is created in a business entity. The internal awareness of the undertaking relates to the focus of the business on what can be done in the future, or on the own knowledge of the enterprise on all its strengths and weaknesses.

The ability of the business entity to use its knowledge in order to quickly and efficiently incorporate into a newly created product or service and its placing on the market, and not to delay in adapting to market conditions implies internal reactivity. Knowing the environment and the current market position of their own products on the market and the ability of the business entity to focus on the anticipation of future market demands refers to external awareness.

When an entity has the capability of an efficient and rapid adaptive reversal in meeting new market needs, which is also the basis of its competitive advantage, we can conclude that it has the capacity for external reactivity.

A business entity that has implemented all four categories into a systematized knowledge management system has created a complete, or entire knowledge chain, and acquired the basis, that is, the basic existential basis for undisturbed market growth and development based on principles of economy, productivity and profitability, that is, the basic economic principle of maximum.

An important role in the development and implementation of knowledge in a business entity and society has an integral element of every society - the University.

The University is a key research institution and avant - garde of all new knowledge and scientific - technical achievements and the creator of "new social progress". In order to improve the transfer of knowledge from the scientific into the economic field it is necessary to develop a coevolutionary model of relations between business entities and the University.

The essence of this coevolutionary model is the construction of the phenomenon of "creative destruction" which implies the establishment of stable and robust connections between the scientific community and the economy as a whole.

In order to illustrate the coevolution model for easier understanding, we will show it in the following table:

**Table 2.** Schematic representation of the coevolution model

Scientific community - University	Economy
➤ knowledge	➤ knowledge
➤ New ideas	➤ Experience
➤ New models	➤ Real data
➤ New students	➤ Customer needs
➤ Future Vision	➤ Strategic vision

Source: Milačić, 1999, 135

The given coevolutionary model shown in the previous table enables the creation of a partnership between the scientific community and the economy as a whole, since it enables the incorporation of theoretical knowledge into real business flows, influencing the transfer of knowledge from the field of abstraction into the field of concretization.

**Table 3.** Display of the ideally set relationship between the economy and the scientific community – University:

Functional requirements	Project parameters				
	III <sub>1</sub> – knowledge	III <sub>2</sub> – New ideas	III <sub>3</sub> – New models	III <sub>4</sub> – New students	III <sub>5</sub> – Future vision
Φ <sub>3</sub> <sub>1</sub> -knowledge	X	0	0	0	0
Φ <sub>3</sub> <sub>2</sub> -experience	0	X	0	0	0
Φ <sub>3</sub> <sub>3</sub> –real data	0	0	X	0	0
Φ <sub>3</sub> <sub>4</sub> – customer needs	0	0	0	X	0
Φ <sub>3</sub> <sub>5</sub> –strategic vision	0	0	0	0	X

Source: According to the author's idea

Analyzing Table 3, we note that it actually has its foundation on a coevolutionary model, ie it shows the ideal relationship between the economy and the university community based on the principle of partnership and inter-cooperation. Functional requirements are set by the economy, which are set before the university community as design parameters. The diagonal of H - eva shows that the matrix is in an ideal position, because knowledge in the economy contributes to the development of new knowledge at the University, the experience

gained in the economy enables the creation of new ideas within the university community, real data from the economy are transformed into new scientific models, client needs produce requirements for students who will be educated in new studying programs adapted to new market demands and a strategic vision of the economy causes the emergence of future vision of the development of the entire social community including the economy and the overall academic public.

### 3. An organization that learns as a new type of existence of economic entities

The term "learning organization" is a new concept in economic literature that emerged from the new paradigm of the knowledge society. Knowledge, which becomes the main driver of the creation of new values in society, has tracked new development trends. As a result of these flows, more and more organizations are emerging that focus on focusing their development potential on the constant professional development and advancement of their full-fledged.

The key interest of management in the given organizational structure is the permanent development of the intellectual aggregate, because human resources are precisely the most creative element of the organization and latent creators of its value.

The transmission mechanism of the transformation of the classical organizational structure into a new knowledge-based organizational structure required the constellation of certain social factors, which are reflected in the following ([http://www.link-e-learning.com/lekcija-Organizacija-koja-u%C4%8Di\\_1411](http://www.link-e-learning.com/lekcija-Organizacija-koja-u%C4%8Di_1411)):

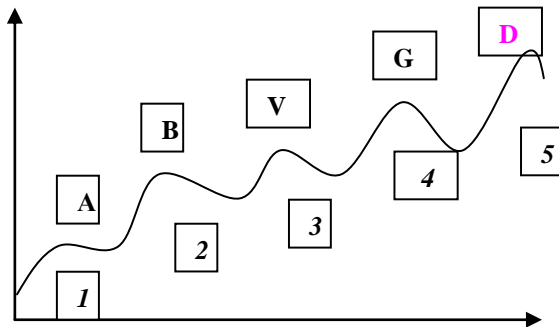
- ✓ Establishing systematic thinking as the dominant feature of intellectual activity in society, and especially in the business world, which implies the perception of a business organization as a functional entity.
- ✓ Personal skills and skills that involve the ability of employees to progressively learn and openness to acquiring new knowledge.
- ✓ Create new mental models in society that relate to the elimination of old habits and ways of thinking, which create prejudices towards anything new, preventing overall progress.
- ✓ Creating social values based on the distribution of a vision that seeks to create a "new society" for an eager future.
- ✓ Permanent aspiration to team learning based on a continuous system of common learning

and work, establishing the causality between teamwork and social development.

Creating the concept of learning organization has overcome many theoretical and practical obstacles to crystallize today's vision of the modern learning organization.

Creating a given managerial concept is best illustrated by the following functional view:

**Figure 2.** Segmentation of trends in the development of managerial concepts in the last decades of the 20th century



Source: Milačić, 1999, 148

**Legend:**

Tag	Interpretation
1	Mechanical efficiency
2	Organization in social systems
3	Corporate growth
4	Quality, Continuous Improvement and Excellence
5	Organization as a mosaic
A	Scientific management
Б	Put people first
B	Strategic competitiveness
Г	"Japanese" techniques
Д	The learning organization

Looking at Figure 2, we can identify the main development trends in managerial concepts. If apscisa represents the basic characteristics of managerial concepts we see several goals like machine efficiency, corporate growth and organization as mosaics. The main bodies in the development managerial cycles that are represented in the coordinate system by the ordinate are the maneuver systematized on the scientific concept, strategic competitiveness,

"Japanese" management and the crown of development trends of the main bodies of managerial concepts is an organization that learns illustrating the current highest level of organization of managerial actions.

The existence of an organization that learns in a real business world requires the creation of an appropriate ambient space for its functioning, which relates to a permanent tendency towards creating an organization capable of being adapted to the current market situation, which requires the implementation of two basic types of learning, namely "adaptive or single-circle learning" that the employees expect to use existing techniques and methods, or to create an answer to the question "are we doing things good? "and" generic or bi-curricular learning "means constantly reviewing current job requirements, standards and goals, or constituting the answer to the question" Do we do the right things? "

The basic framework on which the learning organization is based includes the following five constituents (<https://www.biznis-akademija.com/5-principa-organizacije-koja-uci>):

- ✓ **Systemic thinking** – requires that all employees in the organization fully understand the work they perform and the effects of their work, as well as the benefits that their work brings to the entire operation of the organization and the opinion of the stakeholders on the productive functioning of the organization.
- ✓ **The principle of a clear organization vision** – requires employees to have a clear vision of the vision and mission of the organization's operations, as well as awareness of their impact on the achievement of the defined business goals of the organization.
- ✓ **The principle of changing the mental model** – employees are no longer ordinary routine workers, but gain the status of creative business executives, strengthening the importance of individual motivation of each employee in solving problems in the business they encounter.
- ✓ **The principle of team learning** – unlike the prevailing dominant paradigm that implied that employees are working "next to each other" the concept of a new organization requires employees to work together, team-solving problems and striving for their positive resolution. By joining this way, a collective power is developed that enables more efficient, more effective and more economical solution of problems arising from business activities.

- ✓ **The principle of personal influence** – implies that employees clearly and unequivocally understand the purpose and nature of their work, which enables creative leadership and implementation changes in the business activity of the organization, and the proactive contributions of those who are polled who clearly understand their role in the organization, without providing resistance and not confronting the changes.

From all of the foregoing, we can conclude that the "learning organization", "organization that knows" or "learning organization" often refers to this type of organization, the type of business entities that clearly "knows" how to run a market game, emphasizing the central role of the intellectual capital as the carrier of the competitive advantage of the organization.

This requires a significant management ability in maximizing the economic valuation of available resources and their better effect on the overall business results of the company. This has pervaded the transformation of modern business entities from a capital intensive area to intellectually intensive business activity, giving the primary role in creating value intangible in relation to tangible assets.

In domicile business conditions, it is wrong to insist that intellectual capital is exclusively the privilege of large business systems and that there is a direct correlation between intellectual capital and investment volume in research and development activities, which is a completely wrong concept because business practice shows that there are many business entities the smaller the volume of their business based on knowledge. The problem of transforming from classical to intellectually intensive organizations is directly related to the ability of management and its managerial skills to recognize the benefits of the implementation of intellectual capital in business, as, as is often said, the new digital business requires new "digital managers" able to use their conceptual system Recognize and offset the current market trends.

However, it is necessary to underline the fact that if the management of the organization does not identify and effect the noted market comparative advantage, it simply means that it has not managed to find the form and answer to new market challenges, regardless of whether it is a classical or "digital" management .

Concluding the discussion about the "learning organization" it is necessary to emphasize the need to reengineering the existing business processes, which should contribute to achieving a complete

improvement in business operations, which is achieved through the constant improvement of the quality level of key performance. Actually, the reengineering of business processes is nothing more than a radical redesign of production systems, business processes, work and organization through a spectrum of impressive business performance improvements in key business segments such as price, quality, service, market adjustment, and business process modification through continuous adaptation to turbulent market conditions.

## CONCLUSION

By intensifying socio - economic development and general technical and technological progress, the degree of variability of the tendencies of the development of contemporary society began with geometric progression. All generally accepted rules and norms that have come to pass recently have undergone significant changes, which were most repercussions in the field of economics, transforming the entire up to then established production and business system. In this new business environment, the primary factor of production becomes knowledge, which undermines the dominance of traditional factors of production, such as labor, capital, and land.

Knowledge becomes a key factor in creating a new value and takes a central place in the new economy, which is often identified as the knowledge economy, due to the absolute dominance of knowledge in all segments of social flows, and especially in the production process. What is the significance of knowledge in producing new development trends and creating the basis for the overall progress of the society have been seen by ancient civilizations, which is best evidenced by the old Latin quotation "Sapiens homo omnia secura portat" emphasizing knowledge as the most powerful weapon of social progress in the modern business system of the fundamental the factor of survival, growth and development of the organization, ensuring its permanent competitive advantage.

The growing importance and role of knowledge has transformed the classic organizational structures that resulted in the creation of a new economic category - the "learning organization" that is gaining a primacy in the organization of business systems, precisely because of its main peculiarities that are reflected in the following crucial benefits for an organization such as domination in the market game, continuous growth and business improvement, and on the basis of the achieved business results, a high degree of satisfaction of customers' needs and overall satisfaction of the start salted, which become the

basic factor of survival, growth and development of the organization, becoming its "creative force". Throughout history, the role of knowledge has been a constant topic of numerous debates, so that knowledge will now have its true valorization,

and the famous German philosopher Nietzsche, with his saying "Knowledge is a poison that treats in large quantities, and in small kills", prophetic pointed to the role that knowledge in the modern world will take, becoming the key driving force of universal progress.

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