

DEVELOPING AN EMPIRICAL RESEARCH FOR ORGANIZATIONAL INTELLIGENCE FRAMEWORK

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ABSTRACT

The notion of Organizational Intelligence is an important one, and subsumes many of the other paradigms, which include Economic Intelligence and Knowledge Management . The Economic Intelligence practices' purpose consists in creating better methods for the identification of relevant sources of information, the analysis of the collected information and its manipulation to provide what the user needs for decision making. The Economic Intelligence practices are closely bound to other approaches of the information's management, such as the knowledge management - centered on the collection and capitalization of the information inside the organization – or the Business Intelligence – which excels in using some software instruments that provide access to data bases orientated on multidimensional decision and analyses. In this context, using some new strategic management forms, represented by the Economic Intelligence practices and by the Knowledge Management ones is able to create the necessary framework for the Organizational Intelligence development. The purpose of the research is to analyze the different approaches for the Economical Intelligence and Knowledge Management concepts in a complementary manner, interdependent and integrated as a fundament for creating the Organizational Intelligence.

KEYWORDS: *cognitive capacity, economic intelligence, knowledge management, organizational intelligence.*

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1. INTRODUCTION

The organizations' fundamental challenge in the digital economy is represented by the confrontation with the immaterial, built on the informational resource. Being situated in the centre of all organization's processes and activities, the information represents the binder between the material capital and the intangible one, between the real environment and the virtual one. Under these conditions, the main competition and performance resort is not only represented by the access to information, but essentially by the potential and ability to obtain, transform, interpret and understand. The new economy is the action sphere of the economic information, often found in plentiful quantities that "hide" the useful component. The data research on the competitive market, pursuing the clients, anticipating the technological evolutions, knowing the competitors' strategy, are only a few success factors that can be taken into account by the organization, regardless of the activity domain or dimension. In front of these objectives – whose realization is also facilitated by the spectacular progress of the Internet and of the information and communication technologies – appear great question marks: Where should it begin? How and where can the useful and useable information be identified, in order to be ulterior interpreted and organized, so that they represent a

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competitive advantage source? By what means can an organization operate an observing and supervising function of the environment, with the purpose of detecting, analyzing and following the signs susceptible to bring again in discussion its own strategy or decisional process? The Economic Intelligence intends through its objective to answer to all these requests.

Regarding the Knowledge Management practices – passing beyond the technological aspects – relevant is their managerial and economic dimension. The Knowledge Management is firstly constituted as an innovation, which actually consists in aligning the existent technologies to a new enterprise's functional logic based on the intellectual resources exploitation (Guilhon & Levet, 2003). Such a paradigm is determined by at least two premises: firstly, if the modern economy is fundamentally characterized by the presence of an exploitable resource – the knowledge – the organization has to use in consequence the methods which permit the capitalization of this resource, already existing within its framework. Secondly, this new economy funded on knowledge is a globalized economy, with new competitive attributes, which claim a strategic management reconfiguration from the economic actors.

Economic Intelligence mainly addresses users that want especially external information to make the best decisions in a framework of a defined strategy. The Knowledge Management intends – by means of information systems support – to capitalize and ensure the diffusion of the knowledge, which is mainly produced inside the organization, beginning with pertinent information or other knowledge.

The finality of these two practices represents the fundament for the Organizational Intelligence development, considered to be the essential element which gives the organization a sustainable competitive advantage, in an unpredictable and dynamic environment.

2. LITERATURE REVIEW

Once with the awareness of the information's and knowledge's strategic dimension, both the Economic Intelligence and the Knowledge Management witnessed – as management practices – a considerable development after the beginning of the 90's. Today, the literature in the strategic management domain points out a consensus regarding the organization's approach as a collective system for treating the information, with the purpose of optimizing the decisional process and organizing the knowledge as the action's engine. (Levy, 2003).

In the measure in which the contemporary organization became an information conglomerate and a veritable knowledge processor, the two practices types are revealed as being emblematic for the new economy and in consequence for the economic actors that define it. The enterprise's environment is characterized at the moment by the markets' globalization, the technological development and the complexity of the business relationships, but also by the opportunities raise, in parallel with the risks and uncertainties multiplication. This entire context of the new society, predominantly governed by the innovation processes and the research-development ones, trains important information volumes, which the organizations cannot manage only with the help of the classical instruments and methods. More than that, the passing from the empirical management of "seeing and doing" type to the strategic one of "anticipating and preventing" type supposes the development of the practices for supervising the environment, for influencing it by legal and ethical means, for ensuring the information's protection, so that the organization disposes of an important competition instrument through all these measures reunited in what we call Economic Intelligence.

The Economic Intelligence inserts within the paradigms of the new economy. Its fundamental philosophy is firstly based on the competitive environment's supervision system (Baumard, 1991) of the economic agents and secondly on the action on it, with the purpose of detecting the threats and exploiting the opportunities. In an economy in which the competition and performance are translated by the ability to rule and manage the information and knowledge, the Economic Intelligence practices have to be understood as an extension – and not as a substitute – of the

organization's management. Their integration in the strategic management represents an action vector of the modern enterprise, a concrete management practice, which includes principles, methods and techniques, not only an application, restricted to a simple supervision method.

The scientific literature offers many approaches for the Economic Intelligence concept. According to (Bournois & Romani, 2000) Economic Intelligence is an administration practice of all the information and knowledge regarding the main competitors of the organization, which determines the way they can affect the organizational interests in a specific period of time, as well as its competitive position. Fleisher (2001) says that Economic Intelligence is a project based on the collective cognitive abilities of the organization, represented by all the procedures necessary for the developing of the information in active knowledge.

The Economic Intelligence has a strategic position in the functioning of an organization and this position can be defined in terms of capital, intellectual, knowledge producing, information achievement, influence groups. Taking into consideration all these approaches of the Economic Intelligence concept, two main tendencies can be observed in the present: first, the terminology used is referring more and more to the knowledge term and its administration; second, the Economic Intelligence is more and more correlated to the concept of *organizational intelligence*, the last one being the key factor for the functioning of the present organization.

Regarding the Knowledge Management concept, the first approaches appeared in the scientific literature in 1970–1990, when a real transition from the management information issues to the knowledge issues took place (Nonaka, 1994). The beginning of 2000 is represented by various reflections and achievements in this area, mainly focused on developing the knowledge management systems, which play an essential role in the efficient and pertinent administration of the organization knowledge. The scientific literature also outlines certain modalities to define the knowledge management: i) a group of methods and measures destined to ensure a better usage of the knowledge potentially accessible for the organization, in order to increase its capacity to administrate efficiently the informational and intellectual actives (Levet, 2002); ii) Knowledge Management is a process of identifying, capturing, and leveraging the collective knowledge in an organization to help the organization compete (Krough, 1999).

According to Davenport & Prusak (1997), most knowledge management projects have one of three aims: (1) to make knowledge visible and show the role of knowledge in an organization; (2) to develop a knowledge-intensive culture by encouraging and aggregating behaviors such as knowledge sharing; (3) to build a knowledge infrastructure - not only a technical system, but a web of connections among people given space, time, tools, and encouragement to collaborate.

In consequence, both practices are formed as strategic management instruments: the Economic Intelligence is registered in a systematic collection, procession, diffusion process of the information and knowledge in the external environment, while the objective of the knowledge Management practices is to detect, create, capitalize and exploit the organization's own knowledge. The two practices types reveal complementarities and inter-conditioning elements, their finality being in essence the same: *creating a sustainable competitive advantage, in a moving and strong competitive environment*. Both the Economic Intelligence and the Knowledge Management include instruments which are orientated on the *cognitive capacities* existing in an organization, by means of which it can develop the framework for the Organizational Intelligence.

Although there have been many approaches for the Organizational Intelligence notion (Levy, 1997), (March, 1999), (Yells, 2006), (Silber & Kearny, 2010), its implementation and functioning are far from being used practices for the modern organization, in which the main role is being held by the collaborative team work, for the execution factors and also for the decision ones. It is considered that the Organizational Intelligence consists in a process of obtaining the strategic information and also from a group of new knowledge analysis, synthesizing and creating skills, in order to control the interactions with the external environment and to reorganize its strategic options (Glynn, 1996). Consequently, the Organizational Intelligence does not represent a process limited only to the

external information detecting and interpretation, but, due to its dimensions, it reflects the ability of the organization to understand and learn continuously, in a manner able to allow it to re-orientate its actions based on well-defined purposes.

Starting from these opinions, we outline certain important approaches for the Organizational Intelligence concept: a) a collective process, with a strong cognitive character, based on which the organization members action together in order to achieve anticipate information's which will be used in the strategic decisions fundamental processes (Lesca, 1994); b) the capacity to sense, make sense, and act in flexible, creative, adaptive ways (Alle, 1997).

Organizational Intelligence embraces both knowledge management and organizational learning, as it is the application of KM concepts to a business environment, additionally including learning mechanisms, comprehension models and business value network models, such as the balanced scorecard concept. We can also say that Organizational Intelligence is an optimal mobilization process for the individual skills, whose synergetic effect contributes to the creation of a new collective action skill, in order to improve the organizational actions.

The development of the Organizational Intelligence is a complex process, which does not consist in adding all the individual intelligence or the collective one, based on the organizations actors or groups. We believe that this process is the result of the participation and integration of the two types of practices – Economic Intelligence and Knowledge Management – result outlined for the research and indicated as a double complementarily, such as:

- *The Economic Intelligence* allows the organization to integrate in its strategy the new information from the competitive environment, setting up a new generation of knowledge which will be administrated based on specific instruments.
- *The knowledge management* regards the previous and present knowledge from the organization, while the Economic Intelligence detects the vital and strategic information for the future of the organization, which will be the fundament for the continuous improvement of the knowledge management system.
- *The knowledge management* is focused on using the organization existing knowledge, while the Economic Intelligence provides a cognitive environment for using new knowledge, especially the ones related to competitive unpredictable events.

The complementary elements of these two practices are the fundament for the Organizational Intelligence development, in three dimensions: cognitive, social- relational and systemic. The cognitive dimension is associated to the organization collective activity, allowing setting up a joint referential (mutual cognitive environment, joint informative space, separate mental models). Such a dimension creates an image about the external environment for the organization and is orientated in the direction of its strategic objectives, being based on the individual knowledge and information. The social-relational dimension of the Organizational Intelligence allows making connexions between different work groups and their individuals, taking into consideration their particularities. The systemic dimension is focused on reuniting all the understanding, reflex, decision and action skills of all the work groups, based on integrating the Economic Intelligence and Knowledge Management practices.

3. STEPS IN DEVELOPING ORGANISATIONAL INTELLIGENCE FRAMEWORK

Organizational Intelligence is the procedural ability of an organization to efficiently process, exchange, measure and reason about management. In order to create a framework of Organizational Intelligence it must to follow some important steps, such as:

Step 1. Evaluation of the Economic Intelligence and Knowledge Management concepts, related to the organization practice. *Argument:* The objective is focused on achieving a study regarding the knowledge process in the information and knowledge management area, based on their strategic and operational usage. The new element is the fact that the research tries to evaluate

the Economic Intelligence and Knowledge Management practices at international level based on a specialized epistemological study, starting from the fact that the two concepts are major indicators in solving the informational issues of the existing organizations, which are forced to respond to the globalization.

Step 2. The analysis of the organizational context taking into consideration the opportunity and the necessity to develop Organizational Intelligence practices.

Argument: It is required an analysis of the organizational context, able to indicate the typology of the main barriers blocking the organizational intelligence practices development, resulted from the integration of the Economic Intelligence and Knowledge Management concepts. The new element is the fact that the analysis will outline for the first time aspects regarding the technical and methodological infrastructure in the information administration and also managerial and organizational elements, as the organizational intelligence has a real presence, which also attracts the individual and the work groups, not only the instruments, techniques or methods system.

Step 3. Defining a new organizational design type, able to ensure the necessary framework for the development of the Organizational Intelligence.

Argument : In the context of the traditional organization, as well as a managerial culture based on rigid norms and values, Economic Intelligence's practices happens only occasional and cannot represent a fundament for the development of the Organizational Intelligence. The new elements are the fact that redefining the organizational design will be based on elaborating rigorous administration mechanisms for the strategic and knowledge capitalization information, and also on achieving a cultural and informational change. In this context, the Organizational Intelligence will generate a change of vision in the information and knowledge management, becoming a solid response to the empirical informational practices, more or less present in the organization.

Step 4. Proposing a conceptual model of developing the evolution and incremental process for the Organizational Intelligence.

Argument: The new elements result from the formal aspect of the two concepts of the Organizational Intelligence. On one side, the evolution aspect of the Organizational Intelligence will be approached in order to sustain the transformations and changes from the organization culture and infrastructure, without generating a discrepancy towards the existing managerial and cultural models. On the other side, the incremental logic of the process will be fundament on the three systemic components, which has a progressive evolution.

Basically, the new elements presented above are reflected in the following aspects:

- Actualizing and promoting some strategic management practices and concepts, neglected or not recognized in the Romanian organization practice.
- Development the organizational's capacity to accumulate the knowledge and to influence the environment towards the strategic actions based on Economic Intelligence and Knowledge Management concepts.
- Elimination of the information dependency of the organization in the competitive environment based on promoting and developing Organizational Intelligence practices able to ensure an informational autonomy which can minimize the strategic decisions risk

4. RESEARCH METHODOLOGY

The research has a fundamental character, trying to outline based on certain theoretical fundaments, such as the integration of the practices of the Economic Intelligence and Knowledge Management, which contributes to the development of the Organizational Intelligence. Also, through the fundamental research made, some answers might be found regarding the following questions: How can the Organizational Intelligence be determined inside the organization? How can it be developed starting from an initial study and empirical facts? How can be determined and influenced the actors of the organization in order to have the cognitive processes developed inside the organization to lead to new collective actions abilities?

The research methodology will use specific methods and techniques, such as:

- For the achievement of Step 1, in order to identify the main theories and ideas regarding the concepts treated in this project, as well as the international experiences related to their use, it will be used the specific literature review. The assessment of the Economic Intelligence and Knowledge Management concepts will be done on one side through comparing various methodological and theoretical approaches, using the comparative method and, on the other side, through delimiting these approaches in a certain typology solving the informational issues of the organization.

- For the Step 2, there will be used mainly specific empirical techniques in order to analyze the context for the necessity of developing the Organizational Intelligence. In this context, there will be set up theories regarding the opportunity of promoting this concept at the organizations level whose validation will be done using the questionnaire technique. For the development of the empirical process, there will be elaborated questionnaires which will test the factors perception in the social, technological, organizational culture, economical and financial context regarding the organization ability to develop an Organizational Intelligence process. In order to interpret the primary data, there will be used techniques of statistic processing and the results will be certain dimensional indicators based on which a new type of organizational design will be proposed, compatible with the concept of Organizational Intelligence.

- The achievement of the Step 3 will require elaboration of a benchmarks group for assessing the training level of the organization in order to take over practices of Organizational Intelligence, applicable at microeconomics and macroeconomics level, based on the benchmarking technique. The appliance of this technique will have as result on one side identification of good practices in the internal and external environment of the organization and, on the other side, providing requirements for the redefinition of the organizational design.

- For the Step 4, using specific techniques related to the incremental and evaluative logics, there will be proposed a conceptual model of developing the Organizational Intelligence. According to the evaluative technique, the approach of the Organizational Intelligence process will be done related to what it is and also to what it should be. In order to apply the incremental logics, there will be taken into consideration the setting up and progressive evolution of the three systemic components of the conceptual model.

5. DISCUSSIONS AND CONCLUSIONS

We emphasize that, at international level, the Organizational Intelligence research has a strong interdisciplinary character, regarding various aspects, such as: interaction between the competitive environment and organization, the managerial performance, the competitively; the risk management; the information systems; the information security. This research is motivated by the following elements:

- The existence of a new economy which forces the organizations to reconsider their strategic options and efforts in order to be competitive on a market where the economical activity is no longer conditioned by the time factor or the geographical position. The first consequences of the unsecured environment are felt directly at the organizational level, where the present expression of the power has an economical nature. Consequently, in the informational and knowledge society, the organizations performances are generated by the ability to know how to use the strategic knowledge and information in order to adapt according to the competitive environment evaluations, as well as the ability to develop cognitive processes inside it. This is why the Organizational Intelligence process becomes one of the success factors of the modern society.

- Confrontation of the top management with real issues in elaborating the organizational strategy, as well as the strategic decisions making in a complex environment in which the information are limited, confusing and very interpretable.

- In their strategies, many organizations cannot take into account certain elements which are provided based on the Economic Intelligence and Knowledge Management practices, such as: the competitor's nature and ability, the success of the strategic changes of the competitors, their reactions regarding the evaluations from the activity sector and the competitive environment. In this context, another motivation of this research is the necessity to adopt an anticipate project against the environment and Organizational Intelligence changes which represent the strategic management of the knowledge and information, as a necessary lever in obtaining the organizational performances. We believe that this research will provide certain theoretical, methodological and operational elements able to represent the beginning for other scientific research activities, in a more complex environment. In this context, this research will bring certain conceptual clarifications regarding the Economic Intelligence and the Knowledge Management. Also, based on these two practices complementary study, the idea of their integration will be formulated in order to set up a project of informational intelligence. At operational level, the main impact estimated is the possibility to identify an Organizational Intelligence form based on proposing an indicators system. At methodological level, it is estimated that the research impact will be major, due to the traditional methods for information management reconsideration and creating a conceptual model which will generate an evaluative and incremental process of Organizational Intelligence.

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