

# **‘ ORGANIZATIONS OF THE FUTURE ’**

## **CONCEPTS AND DIRECTION OF THEIR DEVELOPMENT**

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### **Abstract**

*Currently, we are at the turn of an era of civilization, in a time of transition from an industrial civilization to an economy and society based on knowledge. Therefore, intangible factors (such as politics of knowledge as a determinant of competitiveness and entrepreneurship of commercial entities) are increasingly important. Stimulating investment in human capital to create well-organized teams that know how to utilize the potential of each individual member, is becoming a conscious activity in modern organizations. An important attribute of such organizations is their pro-active reaction to new knowledge from various fields of science and its efficient utilization in solving emerging problems. The aim of this work is to present the concept of organizations of the future and the key factors of their operation and development. Reflections contained in the paper do not have definite characteristics and should be treated as an opinion in the discussion.*

*Keywords: development, management, organizations, knowledge, innovation.*

### **INTRODUCTION**

There is a growing complexity in the structural organization of companies, which entails the need to increase the degree of integration of internal departments. There are also problems of strategy, for which there should be prepared concepts for how to run organizations of the future. In the past, there were schools which created models of future organizations. The aim of these schools was to achieve constant evolution of functions, tasks and methods of organization and management, especially in production and service enterprises.

Competitiveness, which is a multi-faceted category, is particularly important during the intensification of globalization and integration processes. With progressive consumerism and unlimited desires, as well as the need to fulfill these desires with limited resources, strong competition among companies forces rational management of these resources. This stimulates innovation and socio-economic development.

In the microeconomic scale, competitiveness refers mainly to businesses which in order to succeed on the market, must gain a competitive advantage. Striving to achieve a stable and high competitive position causes a constant search for new sources of competitive advantage. The results of this constant search are new concepts and trends in the development of the company.

## THE STUDY

There is still insufficient knowledge about how companies today should choose the direction of development and what are the main challenges they face. Another problem is how to form a model of the organization of the future. The author of this publication has set a target to fill, at least partially, this information gap.

The purpose of this work is to present a proposal for the direction of modeling organizations of the future, which would take form through the integration of knowledge and structure, and through a holistic approach to managing organizations. Navigating in accordance with these trends create new opportunities and take into account the characteristics of organizational forms and the factors essential in the design of models of organizations of the future.

The theoretical output used include both Polish and foreign, mostly English-language, literature on governance mechanisms in an economy based on knowledge and mechanisms for achieving competitive advantage in the market. The use of foreign literature was necessary because of the dearth of Polish studies. This enriched reasoning and reflection on new aspects, and allowed to show the research problem in a broader perspective.

This study used the results of studies carried out by well-known scientists from around the world, including:

- C. K. Prahalad and G. Hamel,
- J. Hagel and J. S. Brown.

## The main determinants of competition in enterprises

The company, in its operations, mainly uses two types of resources:

- tangible (available for purchase)

- intangible (arise as the result of the accumulation of know-how, including decisions regarding various activities, such as research. The company cannot buy these resources, but can produce them in the long term, e.g. image, prestige, loyalty of buyers)

In view of the fact that intangible resources cannot be purchased, in order to acquire an advantage on the market, the competition can choose a path of imitation or substitution (accumulation of other resources). Therefore, achieving and maintaining a competitive advantage depends on the degree of difficulty with which the possessed intangible resources may be subject to substitution or imitation by competitors. The smaller the potential for substitution and imitation by competitors, the more durable the competitive advantage of the company. Creators of the concept of resource accumulation emphasize that low mobility of intangible resources can also influence the durability of competitive advantage.

C. K. Prahalad and G. Hamel view organizations as sets of resources and skills, which build the core competencies of organizations (Prahalad & Hamel, 1990). They believe that the best strategy for gaining competitive advantage is to make the most efficient use of the resources available within the company. The knowledge and skills of managers are at the forefront of the construction and configuration of strategic business resources. These factors determine the effectiveness of the company to a much greater extent than the environment and the structure of the industry.

Thus, of essential importance for the success of the company are its unique and often intangible resources and skills, which are the basis of its success in any environment. On account of these skills, the company has the ability to use resources better than their competitors. A company's resources and skills form the core competencies of the company that often allow it to gain a competitive advantage on the market.

J. Hagel and J.S. Brown focused their attention on development opportunities and achievement of a competitive advantage through the use of external resources, which are located outside the company, opposed to the potential present inside it (Hagel, Brown, 2006, pp. 35-38). According to this concept, in order to achieve strategic advantage, the company should make best use of all available resources present outside the enterprise.

Hagel, J. and J. Brown distinguish three waves which lead to the rapid building of a company's potential through the use of external resources located outside the company (Table 1). According to the presented concept, a company can achieve strategic advantage by focusing on its internal development, and by increasing its internal potential, so that they can start using complementary external potential of other business entities in a more creative and dynamic way.

Table 1. J. Hagel and J.S Brown's "waves", leading to the building of the potential of the company

Name of the wave	The effects of the wave on the company
Wave of dynamic specialization	Moving away from constantly attempting to generate saving to finding ways to narrow the company's specialization, entrusting certain operations to other companies specialized in outsourcing processes. During this wave, the company makes choices in order to focus on areas of world-class potential and resigns from other activities, ensuring the development of the company on the basis of "dynamic specialization"
Wave of connectivity as a result of the ability to connect and coordinate	The attention of the company is focused on the coordination of activities and processes between multiple cooperating entities in order to effectively use their common potential in terms of the opportunities offered by the market.  For this purpose, the companies master the techniques of loose association in order to create a more extensive and flexible network of processes. During this wave, the company learns and develops ways to access and mobilize the resources of other specialized companies in order to produce even greater value for the customer.
Wave of supported capacity building	Companies move away from coordinating existing resources to more advanced techniques that magnify opportunities for capacity building in a larger network of enterprises. The network of specialized companies comes to the conclusion that the most effective way to speed up capacity building is to cooperate closely with one another in order to mobilize one another to achieve better results quicker.

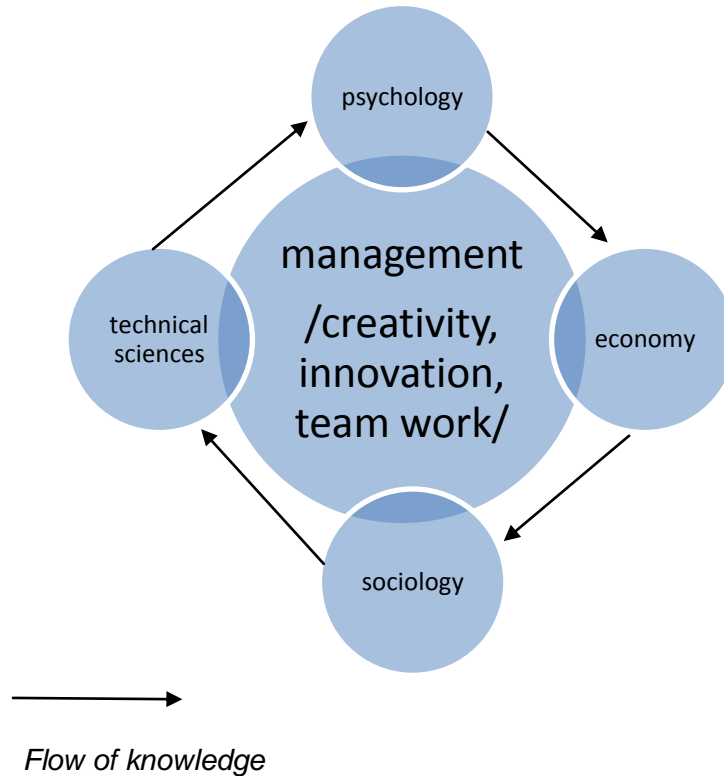
Source: Adopted & Compiled from Hagel, J. & Brown, J.S. (2006)

Interdisciplinary exploration can relate to the technical sciences, economics, psychology, sociology (Figure 1). Management science can integrate other sciences to create new substantive and methodological links for the designers of future enterprises.

Research teams working in particular areas develop their own resources of knowledge, but their creative energy can rarely be added together to create a value greater than its parts. This is because team leaders have a tendency to create "small words" that do a poor job of exchanging knowledge with their environment. It is even more difficult to exchange information between different disciplines and intellectual groups, which are often not very flexible in the pursuit of unifying their resources for a common goal. Referring to the graphical interpretation of good integration in the form of Olympic rings, one can strive to connect researchers from the

five fields of science highlighted below, in order to form “healthy” interdisciplinary teams with positive processes of knowledge exchange.

Figure 1. Dimensions and environmental factors for the exchange of knowledge



Source: Own research

The exchange of knowledge resources among specific areas of science can create new knowledge to be shared and integrated into management science, which in some ways acts as a knowledge broker. By forming a partnership based on knowledge resources and the potential synergistic value of various fields of science, companies can develop a new system of cooperation under the leadership of management science. The value of rational reasoning taken from the most "hard" engineering methods and econometric models, can be complemented by the "soft" dimensions of psychology and sociology (which are closely related to human resources), integrated by management science.

The synergistic binder of exchange and learning makes it possible to achieve common organizational and strategic goals (e.g. for the organizations of the future), which would be difficult to obtain by individual companies. Cooperation releases extra energy and creates a process-oriented company focused on creativity, innovation, learning and team work.

The ability to gain new common knowledge and transdisciplinary, resulting from the pooling of resources held by individual members of creative teams – understood here as integrated teams of university researchers and creative workers of enterprises in various fields – may be used in developing models for organizations of the future (Czarniewski, 2015, pp. 1-8). The formation of various solutions is carried out for a defined purpose and as various levels of effectiveness in teams at different levels of the organization. Their forms are selected depending on the conditions and needs of its users, using instruments of management sciences.

### **Structural integration as a new challenge for the organization of the future**

An environment for the exchange and integration of diverse knowledge is created with four main dimensions in mind: creativity, innovation, learning and teamwork, which serve as the pillars of the future potential of knowledge. Stimulating a knowledge sharing environment occurs through dynamic interpenetration of these dimensions, in which the circulation of knowledge can be directed and channeled as an integration process, process-network or network. This is dependent on the conditions and development phases of specific forms of organizations of the future.

Since process and network organizations are prepared for continual change, combining their attributes can provide adaptive solutions where there is more process or network characteristics between the different levels of the organization. Dynamic diffusion of knowledge and fragments of the accepted approach to structural integration would aim to harmonize the four environment dimensions of knowledge exchange in order for the creative teams responsible for various processes to be “entwined” by the network structure, enabling communication, flow of the knowledge etc., for the integration of various tasks and harmonization of knowledge potential.

Important issues include the duplication of creativity and the acquisition of experienced employees gifted with great creative potential, as well as the ability to search for teams with a penchant for innovation, generative thinking and acting, etc. Organizations built on such teams will be in constant motion and will be subjected to constant transformation. The ability of future organizations to adapt to change will be the result of successful integration of processes, networks, and teams with individual and diverse characteristics. This new form of organization, treated as a whole, will trigger the phenomenon of synergy and stimulate continual change (Czarniewski, 2014, pp. 259-269). Models of future organizations created by theorists and practitioners take into account such qualities as:

- focus on creativity, innovation and team work,
- flexibility of the organization as a dynamic system that is open to change,

- creation of organizations based on knowledge,
- resources dominated by the human factor,
- processes dominated by learning,
- management dominated by knowledge,
- a structure dominated by flexible structural solutions.

### **Creativity and innovation as determinants of the optimal development of the company of the future**

The term *creativity* has made an outstanding career in recent years and unfortunately, there have been several examples of misuse of the term. It is important to understand that creativity includes creative potential and ingenuity (Luecke, 2005, p. 121). Creativity is the capacity to create new ideas, unconventional solutions and concepts. The most significant elements of innovation are creative solutions.

Creativity plays a key role in the Cyber-Age. In the present reality we need creative solutions and ideas in order to maintain competitiveness and to cope with the continually accelerating development of technology and all the burdensome changes around us. This leads to continuous innovation, visible in all the changes that allow for the creation of new values and have a lasting impact on reality. Innovation is a combination of key issues connected with creative solutions and building rational case for why an initiative is worth implementing. The scope of innovation is very wide and can literally concern everything. It can start with small changes and end at groundbreaking transformation. That is why it should be remembered that as the scope of innovation expands, it becomes increasingly risky.

Innovation is context sensitive. Depending on the context, innovation can have a positive or negative effect on the value created. We tend to associate innovation only with its positive effects. But we should keep in mind that what for one group of beneficiaries is positive, for another group can be seen as a negative. To describe innovation in simple words, it is the ability to innovate. To develop this ability the following is necessary:

- The ability to use one's legacy by exploring and evaluating its value. Being able to abandon the shadows of the past and focus on the future, oriented towards a desirable vision (designing the future).
- Creativity and innovation. Creative people are the most valuable resource of the organization, but today most innovation is implemented by carefully selected teams.
- Partnership and cooperation. Most innovation is the result of the team effort. The key is to move away from jealousy to empathy and from competition to cooperation.

- Computer literacy skills. Nowadays it is difficult to develop innovation without adequate competence and deliberate planning in the area of ICT.
- Providing adequate resources and support such as: open space, technology, qualified people, access to information and knowledge.
- Education plays a significant role in the development of key competencies associated with innovation. Self-education and self-leadership has become very important in the development of skills.

How can one develop a culture of innovation in the company which has not yet benefited from innovative program implementation? Culture, in economic terms, is the expression of attitudes, behaviors, and preferences of customers. A culture of innovation in the enterprise is achieved when employees at all levels of the organization are committed to supporting, promoting and implementing new products / services / business models, and the three main roles adopted by them in the performance of innovation, are leaders, creators and champions of innovation (Schwartz, 2013).

The creator (genius) develops ideas, starting from constructive criticism, to new solutions, to inspection and evaluation of innovative products. One cannot innovate if one accepts reality as it is now or as it was yesterday. A creator has a vision of how to improve or modify a product or service to increase its functionality. Such a person has the ability to build and transform, has unconventional ideas and is able to rise above the gray reality.

A champion of innovation supports, encourages, and directs the course of the innovation process in the enterprise in a practical and systematic way. They take direct responsibility for finding creators of new ideas (geniuses) and support them in finding innovative solutions, acting as mentors. They are at the center of the company's organizational hierarchy, acting as links between senior managers and other employees.

Innovation leaders shape, or influences the shape, of the basic structure of a company clearly focused on innovation. They build the base structure of the company, starting from the organizational structure, to its principles, objectives, and priorities. By setting ambitious goals, they highlight the link between the strategy of the organization and the desire to innovate (Sungmin, Soonhong & Nobuhide, 2008, pp. 48-58).

Innovation leaders put innovation at the top of their list of priorities. The ideal situation in an organization is for the creator, champion and leader to work together, complementing each other, exchanging roles, being contextual and consciously pursuing the strategy of innovative development.



## CONCLUSIONS

1. It seems that the organization of the future will increasingly have influence over the attitudes and behaviors of customers in the market. The economics of consumer experience is one such global trend, resulting from increasing consumer demands and experiences, which is underrated by the theory and practice of business. Meanwhile, a proper consumer experience can significantly increase the value of the product, and the value of experience can be a strategic tool used by organizations in a similar way as to marketing. It is therefore worthwhile to properly shape the emotions and experiences of customers. One way to do this is to be engaged in the design phase of consumer goods and services, an activity which is increasingly being used by companies that have already realized it is one of the sources of competitive advantage.
2. The inevitability of the exchange of intangible resources between organizations stimulates the process of sharing up to date and diverse knowledge. The expansion of cooperation between enterprises enable these processes through the holistic integration of knowledge and structural interdependence. It has become more important for individual organizations to possess the ability to work together with others rather than their ability to excessively compete. The new structure of organizations, defined by their ability to reconfigure processes, by their ability to learn and be creative, by their flattened team structures, etc., is triggered by a new organizational reality, requiring preparation for the creation of new concepts of organization and management.
3. Organizations of the future based on various paradigms can enrich not only the theory but also the practice of management. Under the leadership of creative teams specializing in management science, new paradigms can be developed by specialists in various sciences. Business models of organizations of the future will evolve in the direction of integration and cooperation. There will be an emergence of multi-faceted relationships based on processes, teams and networks. We do not know what form future organizations will take, but probably they will have most of the features listed above. Variable structures of the common resources of knowledge, awareness of change and the willingness to facilitate continuous learning to achieve adaptability and flexibility are the emerging models for organizing in the future.
4. The issue of reconciling scientific theory with practice in models for organizations of the future is made possible by the integration by management of the problems discussed above, having an evolutionary perspective in order to integrate knowledge

and experience, and by fulfilling the need for dialogue between theory and practice. Prospects for practical applications of methodological assumptions and design models for organizations of the future will depend on the short and long term trends occurring on the global knowledge-based economy.

## FUTURE RESEARCH

Future studies (analysis) should be focused on create new concepts of organization and management in business. Developing countries can improve their growth rates through trade by importing knowledge from selected countries. The benefits (also selected organizations) may occur through increased innovation, imitation or the use of such knowledge in production (services). Market size and competitive are dominant factors in explaining innovation in developing organizations, whereas high-technology imports, human capital to have a stronger impact on developed organizations.

Future empirical research should be focused main in areas high-technology (information technology). Modern information technologies contribute to overcoming physical barriers such as time and space, and greatly reduce transaction costs. The use of technology allows the company to move a part of their activities into virtual space and make their operations more dynamic. Organizations of the future are often treated as network organizations that intensively use modern technologies, which affects their reaction time in specific areas of business.

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