

Conceptual Basis of the Formation of Organizational Behavior Quality in the Condition of Knowledge Economy

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Abstract—The paper focuses on the main tasks of quality management, substantiates the importance of improving approaches to managing human resources in an organization, the need to improve the system of organizational behaviour and form an effective system of human resources quality in modern knowledge economy. It suggests conclusions on the value of key provisions of the concepts of knowledge management, quality management, business processes reengineering, lean manufacturing and the concept of "six sigma".

Keywords—organization; knowledge economy; quality management; human resources management; organizational behaviour; intellectual capital; human resources quality

I. INTRODUCTION

Modern conditions socio-economic development of organizations are characterized by highly complex nature, risks, instability and uncertainty of business processes, increasing importance of organizational innovations and marketing, strengthening of the role of strategic and financial management, growing social responsibility of organizations, greater requirements for ensuring continuous professional development and improvement of the system of labour motivation.

The process of managing modern organizations is currently undergoing profound changes. In order to ensure a high level of competitiveness and adaptability to external environment conditions, it is essential to rethink and reconsider the approaches to quality management thoroughly, in particular, to quality management of human resources and shaping qualitatively new approaches to developing the system of organizational behaviour, corporate culture, leadership, and professional skills.

One of the major characteristics of modern economy is the transition from resource economy and trends to use natural resources to knowledge economy, that is, to a new economic model with the predominance of science-based technologies, new approaches to ensuring the quality of human resources and the quality of modern business processes, in general. Capital in its conventional material and

financial form is no longer the only foundation that ensures strategic organizational development. Thus, intellectual resources and intellectual capital are recognized to be powerful tools in organizational development [1] [2] [3].

Intellectual capital and potential provide great opportunities for solving financial tasks, such as increasing market value, labour productivity, competitiveness and stability, attracting investments, increasing innovations, and achieving higher economic growth, etc. Nowadays trends and rates of socio-economic production development have greatly influenced the role of intangible assets of an organization. The cost of intangible assets is determined by total investments in human capital, the level of personnel professionalism, the image and reputation of an organization, the quality of management, the quality of intellectual resources and intellectual potential of an organization.

The major hypothesis of the research is related to mainstreaming the role of the human factor in organizational processes, recognizing the importance of both quantitative attributes of organization management (such as production, power, efficiency, control, etc.) and qualitative components of the process of labour management. The quality of management is still based on the effective implementation of strategic, systemic, process, administrative, regulatory, situational, and marketing and other approaches to the management of an organization. However, the behavioural approach is obviously gaining more and more importance in managing business processes quality and the human resources of an organization. Acknowledging the role of the behavioural approach may lead to profound qualitative changes at the individual and collective levels of labour organization may increase the level of adaptability and competitiveness of an organization in modern socio-economic conditions. A serious problem of managing organizations is often associated with either underestimating or neglecting behavioural aspects of modern business processes, especially while creating the strategy of an organization.

In order to provide continuous and sustainable economic growth of a modern organization, it is important to create

value due to intangible assets, form efficient systems of managing the quality of human resources and organizational knowledge. It is commonly acknowledged that the attitude towards employees merely as a workforce is no longer relevant. Employees are the capital of any organization. Increasing the productivity of this capital requires the approaches to managing organizational behaviour to be modified, effective models of professional activity to be created and interaction in modern business processes to be improved.

The main objective of this study is to identify the essence of human resources quality in an organization in current socio-economic conditions. The tasks of the research involve analyzing and justifying the significance of some key concepts of organizational management in the aspect of developing the human resources quality in the knowledge economy.

II. DEVELOPING HUMAN RESOURCES OF AN ORGANIZATION IN THE CONDITIONS OF KNOWLEDGE ECONOMY

The modern economy is more frequently characterized as knowledge economy. It is important to pay attention to the way the concept "knowledge" is interpreted. The theory and practice of knowledge management, as a system of managing the human resources quality of an organization and forming effective models of organizational behaviour is acquiring a new nature. Among the basic reasons for the increasing the significance of knowledge in modern economy are the following: the processes of globalization and integration of economic space; rapid development of information technology and communication; increasing the technological level of production, computerization and robotization, aimed at replacing manual labour; development of energy-saving technologies, ensuring safety and labour protection; establishment of new requirements for human resources quality; introduction of innovations, etc. [4] [5].

Knowledge in the aspect of organizational behaviour and development can be defined as a set of personal interests and abilities, cultural and professional competencies of an employee, which are acquired in the process of professional training, education and development and ensure effectiveness of individual and collective work. The concept of knowledge management is based on transformation of employees' individual knowledge and competencies into the system of intellectual potential and capital of an organization. The changes of attitudes and the way of thinking of employees and managers of an organization that contribute to motivation of continuous professional development and the creative approach to work are recognized as particularly difficult [6].

In the last quarter of the 20th century, there were some profound, qualitative changes taking place in the way the human resources management system was organized. More and more attention was paid to the legal aspects of management, developing the system of material and non-material work remuneration and the issues of production activities efficiency. Alongside with short-term planning, the

questions of long-term planning of labour resources, their utilizing in the process of solving strategic tasks of an organization were raised.

The modern system of human resources quality should be linked together with the concept of managing intangible assets of an organization, including its intellectual resources. The latter are often equated to intellectual capital. T. Stewart, for instance, in the structure of intellectual capital singled out such components as human capital, organizational capital, and consumer capital.

Human capital is considered as a set of knowledge, practical skills, creative and intellectual abilities, moral and ethical values, philosophy and work culture, that is, professional and general cultural competencies that ensure satisfying a wide range of human needs in the field of professional activity [7].

Organizational capital should also be examined through the prism of organizational knowledge that combines business processes, technologies, quality systems, management systems, technical and information support, patents, brands, relationship with consumers and customers, and the general culture of an organization.

In modern conditions of market development in terms of quality policy and management quality, consumer (client) capital is acquiring exceptional importance. Consumer capital can be characterized as a set of ideas about customers, consumers and the degree of their satisfaction and loyalty. Nowadays, so-called consumer indicators have been included into key performance indicators and are frequently taken into account. The ideology of customer loyalty is based on the assumption that all customers can be divided into loyal, passive and disloyal; the effectiveness of the customer base can be analyzed and ensured due to conducting a special customer base research. In addition to the customer loyalty indicator, it is possible to monitor the indicator of customer engagement, the rate of customer retention, the index of customer satisfaction, the rating of customer profitability, the indicator of customer lifetime value, the rate of customer turnover, etc. [8].

Consumer orientation makes organizations constantly develop and improve the system of organizational behaviour. In recent decades, developing human capital, human resources quality and organizational behaviour quality has been related to the need to develop employees' intellectual and creative abilities, problem-oriented thinking, leadership, communication and entrepreneurial and managerial skills [9].

What is more, the qualitative characteristics of infrastructure capital, as the one of the most important conditions for ensuring the process and the result of quality management and the quality of business processes, are acquiring an exceptionally significant role. The infrastructure capital of an organization includes technical and technological equipment, methods of improving modern business processes, the financial system of an organization, the structure of corporate culture and organizational behaviour. It is inevitably linked with the indicators related

to both customer and staff efficiency. The quality of infrastructure capital ensures development of the organizational behaviour system, increased staff satisfaction and loyalty indices, a return of investment in staff training, reduced staff turnover rate, etc. Accordingly, infrastructure capital directly reflects the target characteristics of the employees' quality of labour activity, human resources quality and organizational behaviour quality. All this contributes to labour productivity growth, improvement of working conditions, job satisfaction growth, increase in the potential of individual and organizational development, and satisfaction of a wide range of employees' needs in the field of professional activity [10] [11].

III. THE BASIS OF ORGANIZATIONAL BEHAVIOR QUALITY MANAGEMENT

The last decades of the 20th and the beginning of the 21st century were characterized by the appearance of new concepts in organizational management aimed at increasing productivity and labour efficiency, ensuring the quality of production processes and creating effective models of organizational behaviour.

Acknowledging the rapid growth of the competitive advantages of the Japanese management model, the recognized authorities E. Deming, J. Juran and Ph. Crosby founded the Western approach to total quality management. The general characteristics of the quality indicator, one of the key indicators of the production processes efficiency, were developed. Among the components of the quality indicator were the following:

- Quality standard, that is, the products manufactured without defects and alterations (in percentage terms);
- Expected quality, that is, the number of defects per million manufactured items (in percentage terms);
- The quality of orders execution, that is, the quality of goods or services;
- The cost of quality, taking into account conformity or non-conformity with the standard quality of the products;
- Customer complaints about the quality of the product or service (in percentage terms);
- Logistic cycle, that is, the time from order receipt to product delivery.

It is essential to mention that human resources quality has a significant impact on the quality of business processes. Consequently, the human resources quality management contributes to improving the quality and efficiency of any organization. One of the well-known tools to improve the efficiency of management process is the model of perfection by the European Foundation for Quality Management Foundation, EFQM. It is designed in order to shape effective organizational structures and powerful management systems that will allow creating a perfect organization. The recognized fundamental indicators of quality according to this model are:

- Leadership and ambitions in achieving goals;
- Management based on processes and facts;
- Employees' professional development and engagement;
- Ongoing training, innovations and improvement;
- Partnership development;
- Corporate social responsibility [8].

This model of quality management ensures the enhancement of the system of organizational behaviour and business processes quality. Five organizational structures constitute the key drivers of this model; they are leadership, policy and strategy, personnel, partnership and resources, processes. The results of the quality model implementation are divided by functional areas: the results for consumers, the results for personnel, the results for an organization and the results for the society.

In the early 1990s, there appeared some scepticism towards integrated quality management. The main challenge, according to G. Cokins, was as follows: "... the enthusiasts of integrated quality management suggested, based on belief rather than facts, that managers and the personnel of enterprises would immediately get down to improving the quality of products and services. They believed that in case of integrated quality management being used in production, other factors affecting its effectiveness would appear by themselves. ... The results of integrated quality management turned out to be lower than which was optimistically expected" [7]. There was a problem: a serious gap between the initiatives for improvement and the practical results of their implementation. Nevertheless, the updated system and process approach to quality management is found in a wide series of ISO 9000: 2000, ISO 9004: 2000, etc. standards.

Reengineering of business processes that emerged in the 1990s has become a prominent trend in the theory and practice of effective management. M. Hammer and J. Champy are recognized to be the authors of the concept of reengineering (reconstruction) of business processes. Reengineering is aimed at improving the key performance indicators of an organization, and business process reengineering is related to efficiency. The authors of the concept define reengineering as "the fundamental revision of business processes and their radical reconstruction in order to achieve a great improvement in such important performance indicators as quality, service and speed" [11].

The reconstruction of business processes itself implies a standardized cycle, with the following steps:

- Coordinating the reconstruction process and the strategy of an organization.
- Analyzing the existing business processes, aimed at identifying their purpose and understanding the opportunities for their improvement

- Identifying a set of improving processes, which provide added value (also as a result of being combined with other processes).
- Implementing the improving processes and their monitoring.
- Launching a new cycle of improving business processes.

In practical terms, reengineering was recognized as most rational for organizations in crisis or close to it, which is often caused by external factors. The reconstruction process in this case was thought to be inevitable. Moreover, reengineering was considered effective for organizations with leading positions, aimed at rapid growth and ensuring competitive advantage. As a practical matter, interesting, but rather difficult is the reengineering of human resources.

In market economy conditions, the tasks of managing the quality of business processes have acquired crucial value. In 1987, a new concept of quality management called “six sigma” emerged. It was characterized as a “new generation program that is to replace the concept of integrated quality management” [11]. Motorola Company was the first to implement this model. The name of the method was borrowed from statistics terminology: sigma is a mathematical symbol used to denote the standard deviation. “Six sigma” is defined as the level of process efficiency, in which for each millions of operations there are no more than 3.4 defects. This result is achieved due to reducing the changes in the process and controlling it. Undoubtedly, improving product quality is associated with improved processes. However, the main goal of the model is not just improving processes and quality, but more importantly, improving financial results. Alongside with Motorola, the companies that introduced this model (Allied Signal, General Electric) achieved high results in quality, efficiency, economy, and customer satisfaction due to identifying and eliminating defects. The reliability of the processes was determined by the search for reducing variability. This model appeared to be acceptable not only for industrial production, but also for the service sector.

One of the key aspects of the “six sigma” concept is the need to teach the employees of an organization how to determine the unfavorable effect of deviations in product quality and its defects. The task of staff development in this case is to develop a special type of professional thinking aimed at acknowledging the value of product quality and the absence of defects. To add to this, the effectiveness of the concept is justified by the responsible approach to the financial aspects of project development and implementation, and cost minimization. A distinctive feature of the “six sigma” concept is the focus not only on the qualitative consumer and supplier requirements, but also on investors' and shareholders' interests. That is, the main goal of the “six sigma” concept is the orientation towards business economy, which will provide quality improvement. An exceptional role in this regard belongs to leadership.

There are a number of recommendations to follow to ensure successful projects implementation according to “six sigma” model, they are worth mentioning:

- Providing an understanding of the essence of statistic tools and techniques;
- Allocating sufficient resources at the stages of project development and implementation;
- Ensuring effective management, leadership and high level of engagement in production processes;
- Making necessary changes to the corporate culture before project implementation;
- Ensuring effective communication;
- Highly professional project team and project management team;
- Effective leaders in the project team [7].

The “six sigma” model envisages the effectiveness of five basic steps: define measure, analyse, improve, control. “Define” refers to the selection of processes to be improved. “Measure” deals with data collection necessary to assess current processes indicators and to compare future results. “Analyse” is aimed at identifying the difference between the current status and the desired result. “Improve” provides process optimization in order to achieve improved quality and efficiency. “Control” monitors the strategic, current and final status. Unconditionally, the processes and results quality correlates with the qualitative characteristics of the staff involved in project implementation.

Among the development priorities recognized in terms of strengthening organizational competitiveness, its adaptability unpredictability of external factors, determining the significance of organizational intellectual resources, innovations and strategic prospects is the concept of Lean Management or Lean Production. The system of lean management is a philosophy of organizing and running a business, it is represented by a wide range of life activity aspects in an organization, including those that determine the specifics of human economic behaviour and the quality of human resources, which makes it coherent and reasonable enough. [7].

The concept of lean management, initially a part of the theory and practice of the Japanese business model, has received wide recognition and interpretation in American management. The key ideas and practices of lean management are being gradually recognized in Russian business culture, too. The Japanese business model is a unique example of profound qualitative changes in individual and collective consciousness, consolidation of completely new cognitive approaches to organization of work, and using effective ways to ensure the quality of organizational processes [12] [13] [14]. From the 1970s of the 20th century, practical implementation of strategic thinking models, development of creativity-based strategic plans (not standard planning, like in the United States of America), have altogether become a distinctive feature of the Japanese management development. The Japanese strategic

planning system was mainly focused on the interests of organizations, consumers and in-depth analysis of competitors. The fundamental strategic idea of business organization was to understand the consumers' needs and satisfy them in the best possible way, earlier than the competitors do. In the 1960s and the first half of the 1970s of the 20th century, Japan was believed to imitate Western business practices, but just in a decade, there was a decisive breakthrough in the development of new goods and services. Thus, very soon, the Japanese became known as innovators and strategists.

The underlying characteristics of lean management are awareness of the value of products; the need to eliminate operations that do not contribute to creating customer value or lead to the inefficient use of organization development resources; continuous improvement of the system of "useful" production operations, the system of labour organization and the efficiency of business processes in general.

At the current stage, the basic provisions of the concept of lean management are implemented in the system of National Standards of the Russian Federation, based on international standards of lean management. The idea of its philosophy is that business is a stream of consumer value creation, flexibility, identifying and reducing losses, continuous improvement of activity at different levels, staff engagement and development in order to increase customers' and stakeholders' satisfaction. The principal values of lean management are safety; customer value, including the quality of products, processes and systems; focus on the customer; reducing waste; time; and respect for a person [15, 16, 17].

IV. CONCLUSION

To conclude, in the current socio-economic conditions, there is a need to create effective models of organizations' human resources management. The development prospects and strategic plans of an organization justify the significance of new approaches to the theory and practice of management. The system of human resources quality can be based on recognized concepts of organizational culture, organizational behaviour and organizational development. An undoubtedly serious role in this regard can be assigned to modern concepts of leadership and motivation in labour activity. However, in terms of theory and practice, the concepts that form a qualitatively new model of professional behaviour at the individual and collective levels should be highlighted. They may include the concept of knowledge management, quality management, the reengineering of business processes, lean manufacturing and the concept of "six sigma". The basic ideas of these concepts acquire exceptional meaning in the context of increasing individual and social responsibility for the process and result of labour, in conditions of high risks and uncertainty, limited resources, or their need to be optimized. The application of the basic ideas from the considered concepts into practice will provide deep qualitative changes in the system of human resource management and will help to set meaningful priorities in the process of professional activity.

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