

THE PARADIGMATIC SHIFT IN ORGANIZATIONAL DESIGN PRINCIPLES FROM A KNOWLEDGE PERSPECTIVE

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Seen with a knowledge paradigm or from a knowledge perspective this study is to discuss new design principles of organizations, comparing classical design principles of organizations from the industrial paradigm. Based on the languages of the knowledge paradigm that are different from those of the industrial paradigm; ‘Knowledge vs. Labor,’ ‘Coordinative and Collaborative Relationship vs. Vertical Control-oriented and Strict Line-Staff Relationship,’ ‘Network vs. Frictional Departmentation,’ ‘Complexity Absorption vs. Complexity Reduction,’ and ‘Unlimited Span of Control vs. Limited Span of Control,’ the concepts of knowledge, organizational knowledge and the rationales for the new organizational design, and five new organizational design principles are discussed in details. The designers or organizers of organization need to have eyes to see where organizations are going to, and how to make organizations effective in terms of the new principles of organizational design based on the knowledge paradigm that is applied and implemented to all of current and future organizations.

Key Words: Organizational Design Principle, Knowledge Paradigm, Organizational Knowledge

INTRODUCTION

For most of the 20th century organizational studies have relied on a conventional model and classical organizational design principles as a dominant paradigm.¹ The conventional framework for organizational studies was organizational models and design principles based on the industrial paradigm. However, the industrial paradigm is being challenged. Source of organizational wealth, organizational type, and organizational conceptual principles have replaced the industrial paradigm with a knowledge paradigm.

Sveiby (1997: 28) presents ‘**seeing the world from a knowledge perspective**’ that is similar to the ‘aspect-seeing or ‘seeing as’ of Wittgenstein,² pointing out that “A paradigm shift takes place when a sufficient proportion of people change the way of seeing the world and begin seeing phenomena from a new shared perspective.

A new paradigm is very difficult to ‘*see*’ because most of us remain trapped by the language of the old paradigm while we struggle to define the new” (Sveiby, 1997: 26). In addition, Sveiby (1997: 28) gives advice to managers, saying that “managers often have an unconscious and tacit mindset that is colored by the values and the common sense of the industrial age. To see another world, they need to try to use a conscious mindset such as the knowledge perspective.”

How about if ‘seeing THE ORGANIZATION from a knowledge perspective?’ as replacing ‘the world’ with ‘the organization.’ In the long time, organizational studies for organizational change and development still stick to an industrial paradigm that makes it difficult to understand new organizational languages emerging from a knowledge paradigm. In other words, even though languages to describe organizational characteristics have been replaced with the languages related to the knowl-