The present paper evidenced the level of utilization of nineteen management practices related to the third dimension of knowledge, Organizational Culture of Terra (2007) to make possible the implementation of the value innovation logic of Kim and Mauborgne (2005) in a Brazilian chemical industry which manufactures and distributes raw materials. The consulted bibliography was around the authors Kim and Mauborgne beyond the Brazilian author Terra. This investigation is applied, qualitative, exploratory and inductive. The instrument used to collect data was a questionnaire followed by an interview and documentary analysis. The results show that the Beta Company doesn’t have enough management practices to implement the strategic logic called value innovation. There is an improvement opportunity to create a propitious environment. The objective organization must adopted the nineteen management practices related to the Organizational Culture often to make possible the implementation of this competition strategy.

Palavras-chaves: Competition Strategy, Knowledge Management, Organizational Culture, Value Innovation
Seção I.1

1. Introduction

In the last years, the Brazilian chemical industry has adopted the best management practices objecting to become more effective in a very competitive scenario. To become different and implement the value innovation, those firms start to pay more attention to knowledge, creating, retaining, sharing and transferring it. Despite products and services have high quality, both become commodities. In this scenario price is determinate in the relationship between client and supplier, specially on the business to business relation in the Brazilian chemical market.

This paper has the objective to answer the present question: “What is the level of usage of the nineteen practices related with the third dimension of knowledge, Organizational Culture, which could be the basis to the Beta Company implements value innovation?” Presume that the Beta Company adopts just few management practices in a high level, making more difficult the implementation of the value innovation strategy in a first moment.

The target firm of this case study is a chemical industry with headquarter in Europe, denominated in this paper as Beta Company. The object company is a manufacturer and distributor to the industry of consumer goods, located on the countryside of Parana State, Brazil. The firm has begun its activities in 1982, and this company sells its goods to the international and Brazilian domestic market. The focus of this study is the domestic market which is the main market because the profitability and territory dimension.

One of the major benefits used by the studied company is the applicability of management practices related to the third dimension of knowledge, based on this, is permitted to the Beta Company improve their management practices to implements the value innovation by Kim and Mauborgne (1997) when was the first time that authors published this term.

The present paper objectives through the evidence of utilization of the nineteen management practices of the third dimension of knowledge, Organizational Culture, from Terra (2007) check what is the level of usage of these nineteen practices adopted to improve the current scenario to implement the value innovation strategy.

This case study focus only the dimension of knowledge related to the Organizational
Culture, to verify the impact of these practices on the current strategy by Beta Company and propose alternatives to adopt the value innovation strategy.

2. Theory

In this section will be approached the concepts of Knowledge Management, Organizational Culture and Value Innovation.

The value innovation is the main reason for the success of the firms whose create uncontested market space and make the competition irrelevant. To make easier the understanding of this strategy, it is necessary the comprehension of the following concepts and definitions.

2.1 Knowledge Management

In the knowledge society, the knowledge became one of the most important things, it is intangible, but nowadays knowledge is very valuable. There is a general concern to identify, quantify and map the knowledge, specially on the organizations that wishes to keep in the global market as a competitive player.

Knowledge is a fluid mixture of condensate experience, values, contextual information and experimented insight, which propose one structure for evaluation and incorporate new experiences and information. It has an origin and it is applied on the mind of thinkers on the organizations, it uses to be included beyond documents and repositories, but also in routines, process, practices and enterprise rules. (DAVENPORT; PRUSAK 2003, p.6)

Here, the author relates that everything it is produced comes from knowledge and the knowledge becomes from people. Characterizing knowledge in a humanistic way, because the knowledge has been applied and originated for who has the knowledge, so collaborator’s knowledge is connected.

According to Terra (2007), Knowledge Management means that is necessary to organize the main policies, process, management and technological tools aiming a better comprehension of the generation, identification, validation, sharing process and finally use the strategic knowledge to generate numerical results for the organization and benefits to the collaborators.
For Reis (2008), it is necessary to examine the mechanisms and process through the knowledge. The author also emphasizes that knowledge is the most valuable resource for the firm, however, few companies understand the importance of this valuable resource.

As it could be realized knowledge becomes the center of discussion between managers and directors. Companies start to invest time, people and resources to improve and generate knowledge.

For Tidd et al (2005), the innovation is based on the knowledge process, creating new possibilities combining knowledge and realize what is possible to attempt and articulate an evidenced need. There are links between knowledge elements as overturned, reinforced, unchanged and changed.

Knowledge comes before the innovation and because of this, there are managers concerned about this matter. There is a strong relation between knowledge and innovation, knowledge is the first step to achieve innovation. There is no innovation without knowledge.

Knowledge is the main element to reach the innovation. Without this, probably will be difficult to reach the success, both are related and essential for the implementation of value innovation that is the bases to make competition irrelevant according to the theory of Blue Ocean Strategy from Kim and Mauborgne (2005).

According to Kuemmerle (2002), gaining access to knowledge process comes from the knowledge from other cultures and nations being important to the creation and after the evolution of an international venture.

The process to access knowledge is also related with where is the venture is, there is some idiosyncrasies related to the culture. The objective company is situated in the countryside of Brazil and there are cultural influences on the way that knowledge is create.

According to Bessant (2007), knowledge has become all things to all people, ranging from corporate IT systems to skills and experiences of collaborators.

There is a wrong interpretation that just IT systems is the corporate knowledge, as mentioned by Bessant, knowledge is more than this, knowledge is related with the retained information and the experiences shared by collaborators.

For business man, knowledge becomes the center of attention of enterprise success, they are more concerned and spend much more resources to develop and retain the
collaborators. They finally realize how important people are. There is a strong line between knowledge and collaborators.

### 2.2 Organizational Culture

According to Tidd et al (2005), every company has its own culture, its mojo is the way we do things around here. It is myopic view from the companies whose adopt the philosophy we are the best. Few organizations, however, consistently embrace the philosophy that important technical developments can occur anywhere in the world. Staff in this case is encouraged to identify developments outside and internalize potentially technologies before competitors do. But, in practice just few firms have formal technology scouting personnel.

The Organizational Culture is strong related with the actions and beliefs spread in the company. Mission and values are the basis of the Organizational Culture and is the reflection of collective conscious in the firm.

According to Terra (2007), the knowledge has seven dimensions, Strategy and High Administration, Information Systems and Communication, Organizational Culture, Organizational and Working Process, Policies and Practices for Human Resources Administration, Measuring Results and endless Learning Environment.

In this paper it is described the third dimension, Organizational Culture, their nineteen practices according to mentioned author above:

- a) Mission and values are promoted through symbolic acts and actions.
- b) Elevating feeling of trust between firm and collaborators and great pride to work in the firm.
- c) High level of trust between collaborators is prevalent.
- d) Learning is a sustainable value by words and actions.
- e) Collaborators on the firm are so proactive in the search for learning and personal improvement.
- f) The sharing of knowledge is a goodwill behavior and it is valued on the firm.
- g) Collaborators are not focuses just in short terms;
- h) Experimentation is encouraged, and there is freedom to try and fail. The innovation capacity is high evaluated on the firm.
i) Collaborators contribute with improvement ideas (process, products, safety, customer’ relationship).

j) There is intellectual honesty on the firm, in other words, the collaborators are authentic and left evident what they know and don’t know too.

k) Collaborators are concerned with whole firm and not only with its work area, in other words, they search optimization together.

l) Spending time to transfer knowledge and information for other areas it is not loosing time in the managers’ point of view.

m) There are enough positive attitudes for sharing knowledge between areas: collaborators answered quickly and in the right manner to the questions and demands for other areas.

n) It is recognizable that time is an important resource for the innovative process.

o) New ideas are valuable. There is permeation to discuss “silly” ideas.

p) Most important realizations are celebrated.

q) There is public recognition to creative ideas and innovative actions.

r) There is public recognition to the reached results for sharing of knowledge.

s) There is great tolerance for jokes and sense of humor.

2.3 Value Innovation

According to Kim and Mauborgne (1997) value innovation, is the simultaneous pursuit of radically superior value for buyers and lower costs by companies.

For the comprehension of the differences between Conventional Logic and Value Innovation Logic it is necessary compare the differences described on the Table 1:
<table>
<thead>
<tr>
<th>The Five Dimensions of Strategy</th>
<th>Conventional Logic</th>
<th>Value Innovation Logic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Industry Assumptions</strong></td>
<td>Industry’s conditions are given.</td>
<td>Industry’s conditions can be shaped.</td>
</tr>
<tr>
<td><strong>Strategic Focus</strong></td>
<td>A company should build competitive advantages. The aim is to beat the competition.</td>
<td>Competition is not the benchmark. A company should pursue a quantum leap in value to dominate the market.</td>
</tr>
<tr>
<td><strong>Customers</strong></td>
<td>A company should retain and expand its customer base through further segmentation and customization. It should focus on the differences in what customers value.</td>
<td>A value innovator targets the mass of buyers and willingly lets some existing customers go. It focuses on the key commonalities in what customers’ value.</td>
</tr>
<tr>
<td><strong>Assets and Capabilities</strong></td>
<td>A company should leverage its existing assets capabilities.</td>
<td>A company must not be constrained by What would we do if we were starting a new?</td>
</tr>
<tr>
<td><strong>Product and Service Offerings</strong></td>
<td>An industry’s traditional boundaries determine products and services a company offers. The goal is to maximize the value of those offerings.</td>
<td>A value innovator thinks in terms of the total solution customers seek, even if that takes the company beyond its industry’s traditional offerings.</td>
</tr>
</tbody>
</table>
Table 1 – Two Strategic Logics

According to Kim and Mauborgne (1997), companies focused on the high growth, are not worried to beat their rivals, they expect to make the competition irrelevant using the strategic logic of value innovation.

3. Methodology Procedures

This paper is a case study. It is applied by nature, about the problem is qualitative, about the objectives is exploratory and the method is inductive. In this case study it was used a questionnaire, where was applied one hundred questions. In this paper it is exposed only nineteen questions related with the third dimension of knowledge, Organizational Culture from Terra (2007). The questionnaire was applied to the Beta Company’s general director. It is also happened an interview and documentary analysis, specially in the Strategic Plan (SP) from the objective company. The instrument was divided objecting to take the evidence and measure management practices according to the point of view of the main executive with intention to collect evidences to make possible to implement the value innovation logic.

According to Yin (2005), the case study as an investigation strategy, it is used in many situations to contribute with knowledge in terms of individual phenomenon, organizational, socials, policies and groups, beyond another related phenomenon.

About the questionnaire, it was used the punctuation criteria based on Likert scale, been the notes 1 to 5, where 1 represents nothing, 2 little, 3 regularly, 4 a lot and 5 extremely. Subsequently the instrument application was made the documentary analysis, specially on the formal Strategic Plan.

According to Lakatos and Marconi (2007), there are many procedures to make data collection, according to the circumstances and kind of investigation. There are many investigation techniques, such as documentary collection, observation, interview, form, measure opinions and attitudes, marketing techniques, tests, analysis content and life history.

The problem was formulated to verify the nineteen management practices based on the third dimension of knowledge was adopted by Beta Company through the utilization of the questionnaire and SP as basis of the implementation of value innovation logic.

4. Results
According to the instrument application it was possible to obtain the perception of the general director who is the person responsible for the objective company’s strategic directories.

The nineteen questions used in this studied are only the nineteen of the one hundred management practices from Terra (2007) which permits to realize the adoption of the third dimension of knowledge possible the value innovation logic.

It is possible to realize the adoption of the nineteen practices by the Table 2 bellow:

<table>
<thead>
<tr>
<th>Questions</th>
<th>Level of usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Are Mission and values promoted through symbolic acts and actions?</td>
<td>A lot</td>
</tr>
<tr>
<td>Is there an elevate feeling of trust between firm and collaborators, is there great pride to work for the firm?</td>
<td>Regularly</td>
</tr>
<tr>
<td>Does prevail a high level of trust between the collaborators of firm?</td>
<td>Regularly</td>
</tr>
<tr>
<td>Is Learning a sustainable value by words and actions?</td>
<td>Extremely</td>
</tr>
<tr>
<td>Are the collaborators on the firm so proactive for the search for learning and personal improvement?</td>
<td>Extremely</td>
</tr>
<tr>
<td>Is The sharing of knowledge goodwill behavior valued on the firm?</td>
<td>Regularly</td>
</tr>
<tr>
<td>Do collaborators focus just in short terms?</td>
<td>Regularly</td>
</tr>
<tr>
<td>Is the experimentation encouraged? There is freedom to try and fail. Is the innovation capacity high evaluated on the firm?</td>
<td>Regularly</td>
</tr>
<tr>
<td>Most of collaborators on the firm contribute with improvement ideas ( in process, products, safety, customers’ relationships)?</td>
<td>A lot</td>
</tr>
<tr>
<td>Is there a great intellectual honesty on the firm, in other words, the collaborators are authentic and left evident what they know and don’t know too?</td>
<td>Regularly</td>
</tr>
<tr>
<td>Are the collaborators concerned with whole firm and not only with its work area, in other words, they search optimization together?</td>
<td>A lot</td>
</tr>
<tr>
<td>Spending time to transfer knowledge and information for other areas from the firm it is not loose of time for the managers?</td>
<td>Regularly</td>
</tr>
<tr>
<td>Is there enough positive attitudes for sharing knowledge with collaborators from other areas of the firm: collaborators answered quickly and in the right manner to questions and demands for other areas?</td>
<td>Regularly</td>
</tr>
<tr>
<td>Is it recognizable that time is an important resource for the innovation process?</td>
<td>Extremely</td>
</tr>
<tr>
<td>New ideas are valuable. Is there is permitted discuss “silly” ideas?</td>
<td>Regularly</td>
</tr>
<tr>
<td>Are the most important realizations celebrated?</td>
<td>Little</td>
</tr>
<tr>
<td>Is it public recognition to creative ideas and innovative actions?</td>
<td>Little</td>
</tr>
<tr>
<td>Is it public recognition to the reached results for the sharing of knowledge?</td>
<td>Regularly</td>
</tr>
<tr>
<td>Is there great tolerance for jokes and sense of humor?</td>
<td>Little</td>
</tr>
</tbody>
</table>

Table 2 – Nineteen management practices from organizational culture

As it can be seen on the table 2, the item with worst evaluation according the major executive point of view was the items involving the celebration of the most important realizations, public recognition of creative ideas and innovative actions and great tolerance for jokes and sense of humor.
Most of questions has a regular performance as it can be seen above, specially on the items involving the feeling of trust between firm and collaborators, level of trust between the collaborators, sharing of knowledge as goodwill behavior valued on the firm, collaborators don’t be focused in short terms, encouragement for experimentation, freedom to try and fail, innovation capacity.

Some questions have a good performance as mission and values are promoted through symbolic acts and actions. Most of collaborators on the firm contribute with improvement ideas and they are also concerned with whole firm and not only with its work area.

Equally just some questions have a very good performance as learning is a sustainable value by words and actions. Collaborators are so proactive for the search for learning and personal improvement and recognition that time is an important resource for the innovation process.

About the practice involving the mission and values, according to the general manager, both are promoted through symbolic acts and actions, specially on the Quality Policy and general quality meetings.

According to the interviewed there are different levels of trust between firm and collaborators and there is great pride to work for the firm. He also considers the same stage of trust between the collaborators of firm. Learning is a sustainable value by words and actions, the director also mentioned that every day is the first day, and the learning never stops. Another evidence is the internal survey to measure the organizational commitment.

Analyzing collaborators’ functions descriptions, most of position are requires person who has proactive attitude. Because the company has a small team, make more difficult the practice of sharing of knowledge. According to the executive, some collaborators don’t focus in short terms, specially the managers has the conscious of a long term view.

There is one form that collaborators can expose their ideas, but according to the statistics this indicator could be improved because some ideas are rejected. Most of collaborators collaborates with improvement ideas, specially on the safety program and IT department.

According to the point of view from the general director, sometimes some collaborators don’t know what they can do or not. As the light of the main executive,
collaborators helps each other and they are concerned to help the company Beta to reach its objectives.

According to the results, managers could have a better attitude helping the performance of spending time transferring knowledge. The subject of sharing knowledge between collaborators from other areas could improve the relationship between departments, specially the inner client point of view.

According to the general director time it is very important, specially on the innovations process, sense of urgency it was one of main philosophies of Beta Company.

New ideas are valuable to the company, but they don’t spend much time discussing silly ideas. There is no formal program to celebrate important realizations. Most of creative ideas and innovative actions are informed on the quality report made monthly.

According to the documentary analysis there is no formal program or indicators to recognize the reached results for the sharing of knowledge. Finally, according to the impression of the environment, there are few common areas, so there are not so many interactions between collaborators.

5. Final considerations

According to the evidences collected in this paper, about the nineteen practices related to the third dimension of Knowledge, Organizational Culture, only 3 practices were classified as a lot as level of usage and just 3 practices were classified as extremely as level of usage.

Those six management practices distributing at a lot and extremely level, represents only 31% of adopted practices, so could be conclude that the objective company doesn’t have enough practices to implement the value innovation strategy.

A very successful strategy must follow some steps before its implementation and studied company doesn’t show, according to the point of view of its most important executive, organizational culture is enough to create the necessary environment to value innovation.

About the initial question, it was evidenced that Beta Company doesn’t have a propitious scenario to implementation of the value innovation logic and would be necessary that the nineteen management practices related to the Organizational Culture dimension, the
third dimension according to Terra (2007). According to the evidence just three management practices are used a lot and three are used extremely.

A greater adoption of the nineteen practices could bring better benefits, allowing the Beta Company be structured to implement the value innovation logic. It was evidenced by the analysis results that the Beta Company doesn’t have enough practices to implement value innovation and there is no potential to migrate to this strategic logic.

According to Kim and Maubourgne (2005) there are four key organizational hurdles that influences on the implementation of the value innovation logic, cognitive, motivational, resources and political. Specially the first two hurdles are connected with the Organizational Culture.

To the objective company reach the scenario of value innovation strategy, it is necessary various changes on the Organizational culture, specially on the thirteen remained practices that reach a low level of usage according to the general director of Beta Company.

There is an improvement opportunity to the Beta Company change its culture and start to pursue innovation, specially the value innovation. As could be realized, the third dimension of Knowledge must be the focus of the objective organization. If it is adopted the nineteen management practices related to the Organizational Culture often, could be possible the implementation of this irrelevant competition strategy called by Kim and Mauborgne (2005) as blue ocean strategy.

References


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