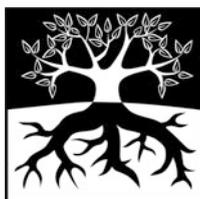


## **Proposition 38**

### **The Roots of an Emerging Discipline**

**In a Word** Organizations must become information-based: (i) knowledge workers are not amenable to command and control; (ii) in the face of unremitting competition, it is vital to systematize innovation and entrepreneurship; (iii) in a knowledge-based economy, it is imperative to decide what information one needs to conduct one's affairs.



#### **Preamble**

Knowledge is the result of learning and the process of identifying, creating, storing, sharing, and using it to enhance performance has always occupied man. The pursuit of any human activity leads to the acquisition by those involved of know-how about how that activity may be successfully conducted and, insofar as what is learned can be harnessed, subsequent practitioners—even later generations—can build on experience and avert costly rework. Even so, for much of history, applications of know-how were confined to farming and craftsmanship.

## Background

The Industrial Revolution that took place in Britain in the late eighteenth century, spread to Western Europe and North America in the nineteenth century, and eventually affected the rest of the world replaced economies based on manual labor with economies dominated by machine tools. Beginning with the mechanization of textile manufacturing, fast-paced technological progress in other industries from the mid-nineteenth century continued into the early twentieth century and sparked unprecedented socioeconomic changes. The First World War spread new technology even wider and shaped the modern world. It also laid the seeds of the Second World War, another high point of technological escalation.

In post-industrial economies—a term associated from the 1970s with a phase when the relative importance of manufacturing decreases and that of services and information grows—those who possess knowledge—not land, labor, or capital goods—own the new means of production. Accepting great variations within and across countries, changes from industrial to knowledge economies have since been quickened by the complex series of economic, social, technological, cultural, environmental, and political changes that followed the Second World War. Their practical expression, referred to as globalization, is seen as increasing interdependence, integration, and interaction between people in far-flung locations.

Knowledge has always been transferred in one form or another. In varying forms of complexity, this has been accomplished by imitation; storytelling; written symbols and letters; apprenticeships; primary, secondary, and tertiary schooling; on-the-job discussions with peers; maintenance of corporate libraries; and professional training and coaching and mentoring programs, among others. However, from the early 1980s, expanding technologies for distribution of data and information opened opportunities for the development of a fertile environment enabling knowledge to be identified, created, stored, shared, and used for benefit.

**Table.** Organization and culture

	Feudal culture	Industrial culture	Knowledge culture	Creativity culture
Organization	Territorial	Hierarchies	Networks	Flows
Focus	Land	Profit	Customer	Innovation
Culture	Domination control	Control responsibility	Responsibility contribution	Contribution creativity
Key measure	Quantity	Efficiency	Effectiveness	Quality of life

*Source* Author

## The Present

In the knowledge-based economies that emerged in the mid- to late 1990s, information moves everywhere and its effects are pervasive. Irrespective of their nature, actors must organize themselves around information. There are three reasons why large organizations—a form of social institution involved in business (or more recently nonprofit) activities that developed from the late 1860s and is now prevalent—must become information-based. The first is that knowledge workers, who increasingly make up workforces, are not amenable to the command and control methods of the past. (In a knowledge workforce, the system must serve the worker.) The second, in the face of unremitting competition, is the requirement to systematize innovation and entrepreneurship, this being quintessentially knowledge work. (The implementation of knowledge management processes, systems, and applications has been shown to improve efficiency, forestall knowledge loss, and stimulate knowledge growth and creation.) The third is the imperative to come to terms with information technology: in a knowledge-based economy, an organization must decide what information it needs to conduct its affairs; if not, it will drown in data. (Typically, staff spend about 30% of their time looking for information.)

*An investment in knowledge pays the best interest.*

—Benjamin Franklin

## Prospects

The forces of technology, globalization, and the emerging knowledge-based economy are sparking yet another revolution that is forcing large numbers of people and their organizations to seek new ways to manage themselves. Those tasked with leading must operate under the principle that the unique knowledge that knowledge workers bring to work is the key competitive differentiator. Still, the transfer of knowledge is inherently difficult even with modern knowledge management tools. Those who possess knowledge are not necessarily aware of all the potential applications of what they know. Knowledge is also “sticky” and tends to remain in people’s heads. And so, organizing for knowledge management requires new structures and managerial attitudes.

*Knowing is not enough; we must apply. Willing is not enough; we must do.*

—Johann Wolfgang von Goethe

### Box: Old and New Knowledge Management Paradigms

Old Paradigm	New Paradigm
<ul style="list-style-type: none"> <li>• Organizational discipline</li> <li>• Vicious circles</li> <li>• Inflexible organizations</li> <li>• Management administrators</li> <li>• Distorted communication</li> <li>• Strategic business units drive product development</li> <li>• Strategic learning occurs at the apex of the organization</li> <li>• Assumption that most employees are untrustworthy</li> <li>• Most employees are disempowered</li> <li>• Tacit knowledge of most employees must be disciplined by managerial prerogative</li> </ul>	<ul style="list-style-type: none"> <li>• Organizational learning</li> <li>• Virtuous circles</li> <li>• Flexible organizations</li> <li>• Management leaders</li> <li>• Open communication</li> <li>• Core competencies drive product development</li> <li>• Strategic learning capacities are widespread</li> <li>• Assumption that most employees are trustworthy</li> <li>• Most employees are empowered</li> <li>• Tacit knowledge of employees is the most important factor in success, and creativity creates its own prerogative</li> </ul>

*Source* Author

### Further Reading

ADB (2007) Learning lessons in ADB. Manila

ADB (2009) Learning for in ADB. Manila

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