

# **On Including Employees in the Management of Knowledge and Energy**

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## **I. Employees as Knowledge Bearers**

In the past years, we have often complained, that in the first phase of the modernization of public administration, the focal point was placed too much on economic and organizational measures, and the necessary link to instruments of personal development was neglected. As a precondition for a successful reform process, we stressed that employees must be involved from the beginning. Reference was often made to the three dimensions of staff involvement: abilities - a question of qualifications; permission and empowerment - a question of target agreements and decentralized responsibility for resources and outcomes; commitment and personal drive - a question of motivation which, in turn, is linked to adequate information, personal action, decision-making powers and stimulating perspectives for personal development.

By now it is generally accepted that the success of a reform depends on the knowledge and involvement of the employees. Nevertheless, only few administrations have recognized the meaning of well-functioning knowledge management. In the third Speyer Quality Award in 1996, the City of Wuppertal did place special emphasis on this area. Some administrations worked on personnel management, others on a more technology orientated management of information. However, up until now, hardly any work has been done on the management of

existing knowledge and the generation of new knowledge, i.e., knowledge which arises from daily work and is needed for its further development.

In the general literature on management and organization, the topic "knowledge management" has, of late, experienced an unexpected boom. However, business studies show that, in practice, corporate management in the private sector has also paid too little attention to this area. A study carried out in 1997 in three hundred companies in Germany showed that only 15 percent consider the use of their own knowledge to be "good" or "very good" and 46 percent of these companies use less than half of this knowledge. In contrast, 96 percent of these same companies consider knowledge management to be "important" or "very important" and 75 percent estimate that knowledge as a production source made up over 60 percent of the net value creation.

The research group led by organization scientist Gilbert Probst from Geneva, Switzerland (Geneva Knowledge Group) has presented some paradoxes in the handling of knowledge which are not only valid for business but for administrations, as well. For example, we thoroughly document everything, but we cannot access it. We learn the most from projects, but we do not pass on the experiences gained in them. We have an expert for every question, but only few know how to find her. We know everything about our competitors, but little about ourselves.

Not everything currently discussed under the topic knowledge management is new, but knowledge management does appear to be more than a mere fashion or a new catchword. For public administration, it is a basic requirement in order to maintain the quality of services at a high level with the same or less means, or even to extend it, and to do away with the deficits in carrying out complex tasks.

## **II. The Need for Knowledge Mngement**

Challenges to public administration have changed dynamically in the last few years. Among these are globalization and competition for production locations, constant scarcity of funds, the effects of structural change, the information society and the demands of sustainable development. Accordingly, the responses of public administration reflected in reform models such as Lean Government, New Public Management or Total Quality Management have become more complex. The half-life of knowledge has been dramatically reduced. Additional problems in political and administrative management have emerged as a result of administrative

modernization itself. These can be demonstrated in the three dimensions top/down, in/out and today/tomorrow.

In current reforms, the connecting link between top, i.e., a jointly created vision, and down, i.e., its implementation in everyday practice, is missing. Target agreements could build this link. The relationship in/out is concerned, on the one hand, with the governance of the city as a holding and, on the other hand, with the integration of customer and employee interests into the work of the administration. The concentration on core competences, the outsourcing of other tasks into different public enterprises and contracting with private firms and citizens has led to an organizational diversification which puts high demands on new strategic management expertise. The change of perspective emerging from customer orientation, i.e., the outside in thinking, requires an integration of citizen and public welfare aspects into the definition of results (products), as well as an administrative process reengineering. Finally, in the time dimension yesterday, today, tomorrow, it is necessary to link knowledge about resources and potential with considerations about the consequences of decisions and sustainable development. This link demands a new comprehensive concept of objectives as has, for example, been developed in the private sector with the balanced scorecard, and been recently taken over by public administration.

These needs and necessities of knowledge management face various obstacles in both public administration and in the private sector. In the cited business study on the private sector, more than two-thirds of the companies interviewed cited lack of time and awareness as the cause of their not having sufficiently developed knowledge management up to now. As other barriers to the introduction of knowledge management, about two-thirds of the companies mentioned ignorance about the need for knowledge, existing power interests, lack of incentive systems and transparency, as well as strong employee specialization. The now familiar quotation in Germany "If Siemens knew what Siemens knows" not only applies to large organizations in the private sector but also to public administration. The larger the organization, the more the walls of departments hinder the knowledge flow, the more specialized knowledge is culturalized and the less common knowledge is shared. On the contrary, quality and innovation, also in public administration, require that knowledge doesn't get lost in the twisted channels of an organization but is used to make the organization a success.

### **III. Application Fields of Knowledge Management**

Knowledge management encompasses not only knowledge stored in product service delivery systems, databases or documented in quality management systems. This type of knowledge only represents so-called explicit knowledge which is, in principle, open and available to everyone. Much more important is the so-called implicit knowledge which emerges from working with service delivery systems, from the experience gained in jointly preparing target agreements, by managing the budget or by reengineering processes. Most of the time, this knowledge remains in the heads of those who were directly involved and, elsewhere, they are inventing the wheel anew. It is similar with the experience gained from direct contact with customers or with the evaluation of intermunicipal performance comparisons. How does one write a meaningful report to a superior or to the council? How do they handle this report and what experiences do they have with it? This knowledge is rarely included in reports from the Local Management Co-op Cologne, nor in the documentations of the Quality Awards of the Postgraduate School Speyer. One has to search long and hard to gather such expertise from individual sources.

One can try to describe the fields of using knowledge management in three dimensions. First, each individual must work out a mental map which contains all the crucial processes, e.g., who needs what knowledge from me and what knowledge can I get from which sources? Not just any abstract ideas are meant here but rather, relevant knowledge which relates in a concrete manner to the present and future needs of the particular organization. In order to recognize relevant knowledge, it is necessary to train and educate employees to identify these needs. This requires a definite viewpoint from the perspective of the jointly prepared objectives and the legitimate expectations of customers, as well as feedback about the accomplished work.

The individual use of available knowledge and the acquisition of new knowledge merge into a second dimension with the forming of teams made up of different experts and hierarchical levels in which an exchange and a combination of the varied perceptions of operational sequences is possible. This dialogue brings new perspectives to bear and forces one to reconsider his/her own attitude. Knowledge management goes one step further when the successes or failures of one's own organization, also in comparison with the experience of other organizations, are discussed together. Despite various case studies and initial evaluations from the field of science, it is becoming more and more evident that employees themselves know too little about internal operations and the success or failure of reforms.

Knowledge management cannot be a sideline or added project. It must be integrated into operational procedures and job positions. This requires that target orientated agreements are made between the superiors and the employees, and that the employees are given feedback about their performance, as well as about chances to improve. The use of knowledge in everyday work processes and in contacts with customers can be improved through a corresponding arrangement of the technical and personal information and communication systems. Above all, informal networks and opportunities for a free and easy exchange of information should be increased.

Finally, incentives for the distribution of knowledge must be created through corresponding reward systems. In private consulting firms, this has been organized in such a way that those employees whose reports are called up repeatedly receive direct advantages in salary. More importantly, corporate culture is improved that mistakes are not punished but rather, learning and change are recognized and rewarded. In the previously mentioned business study, a change in corporate culture in the direction of a culture of learning through facilitation of the knowledge flow was seen as having the most important potential for the improvement of knowledge management.

#### **IV. Instruments of Knowledge Management**

The core processes of knowledge management have been described many times. First, it is important to make existing knowledge transparent and to get an overview of how and where new knowledge can be procured and set up. Distributing this knowledge within the organization, guaranteeing its use, storing past knowledge, recycling former ideas and also updating, i.e., deprogramming outdated knowledge, are further steps toward an effective knowledge management.

At the moment, many administrations are setting up an Intranet. This would make the technical requirements for knowledge management available. However, this intranet often contains just data and information but no knowledge. For example, product definitions or performance results are only data. By comparing them with the results of other units, they become information. Knowledge, on the other hand, means gathering experiences about difficulties in achieving results or reaching objectives, comparing these with other experiences and thereby, gaining new findings about alternative ways of reaching objectives or for changing them for future agreements, or getting hints about reorganization or tips for a headstart on new developments.

In order to set up a knowledge management system, its users must have the necessary qualifications with regard to having the technical abilities to use the system, as well as a personal commitment to developing lasting learning structures. It is not enough to simply accept outside knowledge just because this is expected or so ordered. It is much more important to strive for a development of self-directed, action orientated learning in which knowledge is not piled up outside of work as storage but rather, is acquired as an implicit part of problem solving during the work process as the actual need demands. Work and learning structures in public administration must be developed further along these lines.

Besides developing knowledge management systems and qualifying its users, constant interchange with other systems and the administrative environment is necessary. No public administration and no individual agency is an island. On the contrary, its employees, objectives and actions are constantly being challenged and changed by developments which take place outside of their sphere. Therefore, it is necessary to have context and orientation knowledge in order to be able to classify and further develop their own behavior. This presents a great challenge to the ongoing training and further education of administrative staff. They cannot be allowed to go on cooking their own soup in the administrative world but must, instead, get actively involved in new developments outside of their organization. Such a change of perspective and enlargement of scale lead to new findings and give new meaning to their own problems. This lively exchange with the administrative environment produces new knowledge and new competences.

## **V. The Management of Reform Knowledge**

After several years of administrative reform and after four quality awards at two years intervals, one can rightly ask: What do we know about the reform? What do those administrations that were directly involved in modernizing know about the reform? One is often asked, was the reform successful? However, before answering, one must first agree on what success means. Is it a reduction of costs or only making costs and decision-making transparent? Does it mean improving performance in intermunicipal comparisons or raising the satisfaction level of employees or customers, or of politicians? Is it only the improvement of the image of the administration or of its operational area, i.e., of the degree to which public institutions are equipped or citizens needs are provided for or, still further, the quality of life of the citizens? Or does the success of reform lay in setting up structures in which learning is possible?

Certainly the success of the reform cannot only be seen in a one-dimensional way by cutting back or simplifying. It is also certain that the reform has led to a higher dimension of complexity of administrative procedures. For example, the need for communication has increased because target agreements and employee-superior dialogues require more work than just giving orders. The need for analysis and coordination has risen because controlling requires appraisals of reports and comparisons. When one takes customer orientation seriously, the need for assistance given to citizens increases, which, at first sight, causes direct administrative costs to rise, even when social or economic costs, in general, fall. When quality is more than legality and the learning organization demands a constant fit to the environment, the costs of development and change in modern administration rise.

How do those acting and those acted upon in administrations become aware of knowledge concerning change or reforms? The mere documentations of award winners showing lessons learned or best-practice presentations are insufficient because, as a rule, they only contain explicit, i.e., realized or published knowledge. How does one get the implicit knowledge of reform which can only be gained through observation, experience, participation and by doing it yourself? How can these methods provide findings which can be combined with the specific situation of other actors and administrations and then, lead them to an impulse to act?

In order to produce new energy to overcome frustration and encourage further development, perhaps we have to develop completely new ways of exchanging know-how which is not based on the rationale of cost-benefit analysis alone, but also includes emotional, intuitive, symbolic and community building experiences. Instead of working with code numbers and quality indicators, perhaps we should focus more on story-telling and episodes, work with visualizations and stagings, use metaphors and design as a means of style to gather the treasures of implicit reform knowledge and to make them usable for others. Scientists from Massachusetts Institute of Technology (MIT) advise using the learning histories method in which various employees tell how they did it. By comparing and evaluating these stories, things are discovered which are not found in textbooks or official instructions.

Social researchers try to achieve this through extensive interviews. Some reformers have published books written in an easy going style about the peculiarities of reforms. The first role plays and game planning have also already taken place. The Local Management Co-op, Cologne is also thinking about different ways of conveying the reform experience, for example, in novels or movies. Nonetheless,

there are still too few ways of expressing that reform knowledge which exists "between the lines". Knowledge and intelligence are not only to be understood rationally and abstractly; they also have an emotional, intuitive and aesthetic dimension. If we want to win and maintain employee-energy for reforms, knowledge management must also take these aspects of reform into account. Knowledge management is concerned with people and not with computers. And it is people who make reforms succeed.