

**“THE KNOWLEDGE ECONOMY AND THE END
OF THE HR DEPARTMENT”**

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Is a Global Crystal Ball Revealing the Future of HR?

Where is the most important and life-changing learning going on in our society at the moment. In schools and universities? In employer-funded training programs and workshops and “retreats”? I do not think so.

It could be argued that global learning is happening on an unprecedented basis as a result of the war on terrorism and the war in Iraq. Millions of people around the planet are engaged each day in conversations about the rights and wrongs of America’s and Britain’s and Australia’s military intervention in Iraq. On TV and in the print media, we can see, listen to and read commentaries on the Iraqi “situation” and global terrorism and Islam and different national cultures and value systems. We can be briefed over breakfast by University professors and other experts in military studies, international law, the environment, social psychology, economics, politics, etc. Some of our deepest beliefs, our worldviews, the mental maps by which we navigate our way through life are being challenged in ways that will change us forever. These are indeed signs that very significant learning is happening; and this learning is happening in ways that do not involve enrolment in a school, university, or traditional educational institution – and certainly there is not a classroom in sight.

"Never before in the history of the world has there been a global, visible, public, viable, open dialogue and conversation about the very legitimacy of war".

Dr. Robert Muller, former assistant secretary general of the United Nations, now Chancellor Emeritus of the University of Peace in Costa Rica

Not only is the world self-organising learning on a scale never before seen in history, but many other “people management” functions are also involved. New “organisations” and project teams and roles are being created and staffed as people self-organise into lobby groups and public demonstrations against the war in Iraq. Virtual learning and support communities are being formed to share points of view, pool resources, and coordinate action on a local, national and international basis. Performance measures and monitoring systems are being established, implemented and embraced as credible by those performing self-imposed tasks; e.g. how many people participated in that demonstration; how many signatures on that petition; who volunteered to get that new website up and running; how many politicians voted for/against the war; was I able to change Mary’s opinion over dinner last night; etc?

“In the accumulation of disembodied ideas, rather than embodied skills, it is indeed plausible to suppose that the level of current output might be directly proportional to the size of the stock. The more ideas and theorems that we have to draw on, the easier it is to generate new ones.”

Paul Romer (1990)

We can assume that the knowledge and insights that the world is gaining about how to create peace and about how to manage the tension between different value systems and cultures will enhance our collective capacity to learn and participate in the process of global governance. We may henceforth be more empowered and competent and committed citizens of the global community.

The global self-organising and learning processes described above are the same processes that operate in successful knowledge-based organisations. The processes are “HR” in nature but do not involve an institution called an HR Department. They are embedded in the doing of work that matters to people and which people have committed themselves to do.

People will choose to work together to create and to share knowledge when conditions such as the following are satisfied:

- they deeply care about the objective or strategy (and are therefore motivated to self-organise);
- knowledge sharing is a group value or norm (and sharing is therefore likely to be reciprocated);
- the habit of sharing is recognised and rewarded by the group regardless of the value of what is shared on any given occasion (and therefore every act of sharing is reinforcing);
- people have frequent opportunities to reflect on their experience and to interact with each other (knowledge is created out of experience, self reflection and relationship).

“Although we live in a world completely revolutionized by information, it is important to remember that it is *knowledge* we are seeking, not information. Unlike information, knowledge involves us and our deeper motivations and dynamics as human beings. We interact with something or someone in our environment and then use who we are - our history, our identity, our values, habits, beliefs - to decide what the information means. In this way, through our construction, information becomes knowledge. Knowledge is always a reflection of who we are, in all our uniqueness. It is impossible to disassociate *who* is creating the knowledge from the knowledge itself.

It would be good to remember this as we proceed with Knowledge Management. We can put down the decanting tools, we can stop focusing all our energy on database designs, and we can get on with the real work. We must recognize that knowledge is everywhere in the organization, but we won't have access to it until, and only when, we create work that is meaningful, leaders that are trustworthy, and organizations that foster everyone's contribution and support by giving staff time to think and reflect together.”

Margaret Wheatley (2001)

HR specialists are not needed in order to satisfy these conditions. They can be satisfied by participative leaders or by the kinds of self-organising processes that we see operating to manage the work involved in responding to the war in Iraq.

Forces Shaping the Future of People Management In Business and Government Organisations

There are many signs that business and government are struggling to reinvent themselves to adapt to discontinuous change in their environments. Many companies have seen their stock prices plunge by 50% or more over the last few years. Profit margins are being mercilessly squeezed by the growing low-cost enterprises in China and by the increasingly knowledge based economies of South Korea, Ireland, Singapore, Finland and, of course, the United States.

Governments are puzzling over how to control and tax a vast global trade in information

“During this transition period [since the year 2000], optimizing business performance is no longer as important as adapting the business to a fundamentally new reality.”

Adam Hartung and Mark Youngblood

goods (e.g. financial transactions; computer software; music and video files) that are moved over the internet without any reference to their Customs agencies. Governments are having to reinvent themselves as facilitators of *clusters* comprising knowledge-based firms within an

industry sector, educational institutions and R&D laboratories and as brokers of the synergistic outputs of these clusters to world markets. In countries around the world, industry clusters appear to be the driver of the value adding capacity of the unfolding knowledge economies; i.e. economies where the primary source of wealth creation is “knowledge”.

The growing importance of information and knowledge as the basis of competitive advantage in the world’s developed economies is transforming the world of work. It is not possible to plan, organise, direct and control knowledge workers in the same hierarchical, directive way that production workers have typically been managed. K-work is not amenable to tightly structured job descriptions and performance measures.

K-workers are more highly educated, self-reliant, and primarily committed to their professional associations and networks rather than to their current employer. For k-workers, “rewards” are not just money but the enhanced status, professional satisfaction, and competitiveness in securing attractive future work opportunities that derives from doing leading edge work with new technology and talented colleagues. These dynamics are very difficult to codify into HR policies and practices.

"The biological nature of this era means that the sudden disintegration of established domains will be as certain as the sudden appearance of the new. Therefore, there can be no expertise in innovation unless there is also expertise in demolishing the ensconced.

In the Network Economy, the ability to relinquish a product or occupation or industry at its peak will be priceless. Let go at the top."

Kevin Kelly (1997)

"Knowledge is born in chaotic processes that take time".

Margaret Wheatley (2001)

For example, in the k-economy, training and development (or, more generally, learning) occurs in the process of doing interesting and challenging work and in interaction with one’s peers and clients. By the time learning has been captured by

formal “trainers” or “educators” and translated into course curricula it is often out of date. At the very least, the process of providing knowledge and skills in formal courses does not forge the relationships between knowledge workers that constitute their most prized personal assets – their professional network and professional reputation. It is the professional network of a knowledge worker that is critical in keeping him/her up to date with the latest developments in the field; and that provides the leads that help him/her secure their next job when their current work contract finishes or when the k-worker finds an opportunity to acquire more leading edge knowledge and skills elsewhere.

Moreover, formalised training and development does not allow the k-worker to acquire the tacit knowledge that can only be gained from direct experience in doing the work.

In the k-economy, the workers do indeed own the tools of production – at the very least, they own the “tacit knowledge” that is often the secret ingredient that enables codified knowledge to be transformed into value adding business results. Tacit knowledge is codified knowledge (facts, theorems, principles, laws, etc) embedded in a person’s experience, beliefs, perspectives, and

A distinction can be made between *explicit knowledge* (sometimes referred to as *formal knowledge*), which can be articulated in language and transmitted among individuals, and *tacit knowledge* (also, *informal knowledge*), referring to personal knowledge rooted in individual experience and involving personal belief, perspective, and values

Michael Polanyi (1983)

"Successful knowledge sharing is 90 percent cultural, 5 percent tools and 5 percent magic."

Mark Koskiniemi, Vice President of Human Resources, Buckman Laboratories. Quoted in Greengard (1998)

values. To keep one's tacit knowledge growing probably means that a k-worker can never afford to become "loyal" to a single employer; or plan a career in a single employer. In particular, k-workers will either not join or will soon leave employers that do not have a culture that promotes ongoing experimentation, learning and active knowledge sharing.

It may be argued that HR departments have an important role to play in k-based companies; e.g. in shaping corporate culture so that it attracts and retains leading k-workers; and in deploying technology and building organisational infrastructure that facilitates ongoing learning and knowledge sharing. However, the findings from the field appear to indicate that k-workers are often "doing it for themselves" – especially in the emerging organisational form that can best be described as a dynamic network of small-to-medium firms. Waiting for an HR department to codify "people management" policies and practices and then resource and implement them is simply too slow – and often not conducive to the creation either of valuable knowledge or of enhanced k-worker competitiveness in the professional labour markets that matter.

When the Office of Western Sydney went looking, it found over 1500 IT firms in Western Sydney – most employing less than 10 people – and most unaware of the other firms' existence. It is now trying to foster interaction between these firms to increase the likelihood of partnerships and clusters forming that can then be brokered to global markets. In other words, it is creating Western Sydney as a knowledge economy.

Leadership in the K-economy

The US Marines are now regarding "leadership" as a system property rather than as a property of either a person or a position. In teams of k-workers, the performance of leadership activities tends to move with the changing importance of different sets of expertise that need to be brought to bear on the emerging challenges of the work.

The study of leadership in dynamic shifting networks such as the Al-Qaeda terrorist "organisation" (see box at right with quote from Marion and Uhl-Bien) may be pointing the way to the future of leadership in organisations that have to adapt to the kinds of surprises that are characteristic of today's business environment.

In a complex adaptive system like Al-Qaeda (and also in Richard Branson's

First, Complex Leadership argues that organizations and their leaders are products of interactive dynamics. That is, leaders do not create the system but rather are created by it, through a process of aggregation and emergence.

Second, complex systems are better led by indirect than direct leadership behaviors. Complex Leadership moves away from traditional assumptions regarding hierarchical bureaucracy and top-down leadership control.... Complex Leaders need to temper control preferences and instead foster and enable bottom-up behaviors and stimulate systems toward emergent surprises

Third, Complex Leadership is not necessarily imbedded in a formal position but more properly permeates the complex organization. That is, the differences between "leader" and "follower" are blurred.....

Fourth, Complex Leaders can more effectively impact the fitness of the system by enabling.... distributed intelligence (DI). That is, Complex Leaders foster (as opposed to determine) connectivity among diverse agents and enable effective coupling of structures, ideas, and innovations to ensure they are neither too loose nor too tightly interdependent.

Russ Marion and Mary Uhl-Bien (2002)

Virgin empire), there is no permanent “leader” position. There may be a system spokesperson or icon who embodies the major goals and values of the organisation and who shows his/her followers how to acquire resources and develop their own “cells” (project teams, business units, etc). These cells carry with them the intelligence of the whole system but are not dependent for survival on the survival of any particular set of other cells.

Where is the HR Department in all this?

Even Al-Qaeda may have its people management specialists but they are more likely to be “line” workers who are doing real work in ways that excite followers, communicate values, link experienced and novice workers so that learning occurs, forge partnerships with other networks having complementary aims and resources, celebrate achievements, and encourage cells to reproduce and mutate in ways that make sense in the face of changing local environmental circumstances. In this view of the future, HR becomes “leadership” and the HR Department becomes redundant.

Questions:

1. Can you see any of these trends (k-working; complex leadership) trying to emerge in your organisation?
2. Can you see any of these trends emerging (or even being encouraged) in your competitors’ organisations?
3. Does your organisation’s HR Department tend to facilitate or oppose or ignore these trends?
4. What would happen to the HR Department in your organisation if these trends grow in significance?
5. How would you need to reinvent your own role and career?

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