

Interview of Dr. Yogesh Malhotra, Founding Chairman and CKO of BRINT Institute, by the Knowledge Management editor of the largest Korean business newspaper Mael Business Newspaper (Circulation: over 1 Million readers).

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Knowledge Management, Knowledge Organizations & Knowledge Workers: A View from the Front Lines

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MBN: What is the definition of knowledge management?

YM: I define Knowledge Management in the following terms:

"Knowledge Management caters to the critical issues of organizational adaptation, survival and competence in face of increasingly discontinuous environmental change. Essentially, it embodies organizational processes that seek synergistic combination of data and information processing capacity of information technologies, and the creative and innovative capacity of human beings" (Malhotra 1997). This definition is explained in some detail in the following articles available online.

This is a strategic view of Knowledge Management that considers the synergy between technological and behavioural issues as necessary for survival in 'wicked environments.' The need for synergy of technological and human capabilities is based on the distinction between the 'old world of business' and the 'new world of business.'

Within this view, the 'old world of business' is characterized by predictable environments in which focus is on prediction and optimization based efficiencies. This is the world of competence based on 'information' as the strategic asset and the emphasis is on controlling the behaviour of organizational agents toward fulfilment of pre-specified organizational goals and objectives. Information and control systems are used in this world for achieving the alignment of the organizational actors with pre-defined 'best practices'. The assumption is that such 'best practices' retain their effectiveness over time.

In contrast, the 'new world of business' is characterized by high levels of uncertainty and inability to predict the future. Use of the information and control systems and compliance with pre-defined goals, objectives and best practices may not necessarily achieve long-term organizational competence. This is the world of 're-everything,' which challenges the assumptions underlying the 'accepted way of doing things.' This world needs the capability to understand the problems afresh given the changing environmental conditions. The focus is not only on finding the right answers but on finding the right questions. This world is contrasted from the 'old world' by its emphasis on 'doing the right thing' rather than 'doing things right.'

MBN: What is the knowledge management and why is knowledge management necessary to the companies?

YM: As mentioned above, knowledge management focuses on 'doing the right thing' instead of 'doing things right.' In our thinking, knowledge management is a framework within which the organization views all its processes as knowledge processes. In this view, all business processes involve creation, dissemination, renewal, and application of knowledge toward organizational sustenance and survival.

This concept embodies a transition from the recently popular concept of 'information value chain' to a 'knowledge value chain.' What is the difference? The information value chain considers technological systems as key components guiding the organization's business processes, while treating humans as relatively passive processors that implement 'best practices' archived in information databases. In contrast, the knowledge value chain treats human systems as key components that engage in continuous assessment of information archived in the technological systems. In this view, 'best practices' are not implemented without active inquiry by the human actors. Human actors engage in an active process of sense making to continuously assess the effectiveness of 'best practices.' The underlying premise is that 'best practices' of yesterday may not be taken for granted as 'best practices' of today or tomorrow. Hence, double loop learning, unlearning and relearning processes need to be designed into the organizational business processes.

Knowledge management is necessary for companies because what worked yesterday may or may not work tomorrow. Considering a simplistic example, companies that were manufacturing the best quality of buggy whips became obsolete regardless of the efficiency of their processes since their product definition didn't keep up with the changing needs of the market. The same holds for assumptions about the optimal organization structure, the control and coordination systems, the motivation and incentive schemes, and so forth. To remain aligned with the dynamically changing needs of the business environment, organizations need to continuously assess their internal theories of business for ongoing effectiveness. That is the only viable means for ensuring that today's 'core competencies' do not become 'core rigidities' of tomorrow.

MBN: What is the most important for the companies to do in knowledge management?

YM: The most important issue for companies is to ensure that they focus on the synergy of data and information processing capacity of information technologies, and the creative and innovative capacity of their human members. Advanced information technologies can increasingly accomplish 'programmable' tasks traditionally done by humans. If a procedure can be programmed, it can be delegated to information technology in one form or another. The information and control systems in organizations are intended to achieve the 'programming' for optimization and efficiency. However, checks and balances need to be built into the organizational processes to ensure that such 'programs' are continuously updated in alignment with the dynamically changing external environment.

The human sensors that are interacting continuously on the front lines with the external environment have a rich understanding of the complexity of the phenomena and the changes that are occurring therein. Such sensors can help the organization synchronize its programmed routines ('best practices', etc.) with the external reality of the business environment. Hence, organizational processes need to implement what I have elsewhere called 'loose tight' knowledge management systems. The tightening is in the reinforcing linkage between the archived organizational 'best practices' and the actions taken by organizational members based on that information. The loosening is in the reverse unravelling linkage between actions taken by organizational members [and their consequences] that serve as a continuous check for renewing the archived 'best practices.' This is where human creativity and innovation comes into the picture.

MBN: What is the difference between knowledge management and reengineering?

YM: While reengineering implies one-shot radical change in organizational processes to achieve maximum increases in efficiency, knowledge management implies continuous and ongoing renewal of organizational schemas to anticipate the future opportunities and threats. While reengineering shifts the organizational processes from one stage of mechanization to a more efficient phase of mechanization, knowledge management shifts the organization to an ongoing organic mode of functioning.

The basic premise of reengineering is embedded in 'fundamental rethinking' of the way of doing the business. However, such 'fundamental rethinking' is generally necessary if the theory of business has not encountered the 'reality check' of the business environment for an extended duration. Such fundamental transformations have caused drastic changes, often imposing such radical changes on the business processes and the humans involved in those processes. One may surmise that massive implementation failures of many reengineering efforts suggest that 'radical change' imposed upon the organizational processes and human elements doesn't necessarily ensure implementation success.

In contrast, knowledge management [in our view] facilitates continuous and ongoing processes of learning and unlearning thus ensuring that need for imposing top-down 'radical change' may be minimized. In this view, it is recognized that change is the 'name of the game' unlike the electrical shock of reengineering that is needed to jumpstart the business processes. Furthermore, 'fundamental rethinking' doesn't get materialized in the form of top-down reshuffling of organizational processes, people and structures. It is ingrained in the day-to-day operations of the business at the grassroots level and driven by the people who interact with the external environment on the frontlines of the business. These are the people who are directly in touch with the dynamically changing reality of the business environment.

MBN: What is necessary for workers in the knowledge society?

YM: The above discussion has highlighted a number of characteristics that are relevant to effective functioning of knowledge workers in the knowledge society. At a fundamental level, the objective is to achieve the synergy of data and information processing capacity of information technologies, and the creative and innovative

capacity of their human members. Hence, the knowledge workers need to be facile in the applications of new technologies to their business contexts. Such understanding is necessary so that they can delegate 'programmable' tasks to technologies to concentrate their time and efforts on value-adding activities that demand creativity and innovation. More importantly, they should have the capability of judging if the organization's 'best practices' are aligned with the dynamics of the business environment. Such knowledge workers are the critical elements of the double loop learning and unlearning cycle that should be designed within the organizational business processes.

Of course, such creativity and inquiry-driven learning may be difficult to achieve within traditional command-and-control paradigm. As mentioned earlier, use of the information and control systems and compliance with pre-defined goals, objectives and best practices may not necessarily achieve organizational competence.

The knowledge workers would also need to have an overall understanding of the business of their organization and how their work contexts fit within it. Such understanding is necessary for their active involvement in the organizational unlearning and relearning processes. Only if they understand the implications of changes in their work contexts for the business enterprise, they can be instrumental in synchronizing the organizational 'best practices' with the external reality of the business environment.

Given the need for autonomy in learning and decision making, such knowledge workers would also need to be comfortable with self-control and self-learning. In other words, they would need to act in an intrapreneurial mode that involves a higher degree of responsibility and authority as well as capability and intelligence for handling both.