Chapter 5.11
Strategic Knowledge Management in Public Organizations

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INTRODUCTION

New public management and the more recent concept of new public governance have become the dominant management doctrines in the public sector. Public organizations have become increasingly network-like units with various governance relations with actors from the public, business, and voluntary sectors. Their organization is based more on networks than on traditional hierarchies, accompanied by a transition from the command-and-control type of management to initiate-and-coordinate type of governance.

Among the most critical factors in this transformation is knowledge, for most of what has happened has increased the overall demand to create and process knowledge and to utilize it in the performance of governmental functions. The success of public organizations depends increasingly on how efficiently they utilize their knowledge assets and manage their knowledge processes in adjusting to local and contextual changes, as illustrated in Figure 1 (cf. Fletcher, 2003, pp. 82-83; Gupta et al., 2004, p. 3; Skyrme, 1999, p. 34). This requires that special attention be paid to strategic knowledge management.

In the early organization theories of public administration, knowledge was predominantly conceptualized within the internal administrative processes, thus to be conceived of as bureaucratic procedures, rationalization of work processes, identification of administrative functions, and selected aspects of formal decision-making. New perspectives emerged after World War II in the form of strategic planning and new management doctrines. The lesson learned from strategic thinking is that we need information on the external environment and changes therein in order to be

Figure 1. The public organization as an institutional mediator (Adopted from Anttiroiko, 2002, p. 272)

able to adapt to and create new opportunities from these changes (see Ansoff, 1979; Bryson, 1995). As the complexity in societal life and related organizational interdependency has increased due to globalization and other trends, new challenges of managing organization-environment interaction also emerged (cf. Skyrme, 1999, p. 3).

BACKGROUND

The branch of management doctrine that became known as knowledge management (KM) reflected actual changes and new ideas in the business world. Classic works that inspired later developments included Polanyi (1966) and Drucker (1969). During the 1980s knowledge became widely recognized as a source of competitiveness, and by the end of the 1990s, knowledge management had become a buzzword. Among the best known thinkers who contributed to the rise of this field are Peter Senge (1990), Ikujiro Nonaka and Hirotaka Takeuchi (1995), Karl-Erik Sveiby (1997), and Thomas A. Stewart (1997). (On the evolution of knowledge management see Barclay & Murray, 1997; Gupta et al., 2004, pp. 8-10). It is becoming common understanding that in essence knowledge management is about governing the creation, dissemination, and utilization of knowledge in organizations (Gupta et al., 2004, p. 4; Lehaney et al., 2004, p. 13).

Knowledge cannot be managed in the traditional sense of management. The processing and distribution of information can surely be managed, but it is only one part of the picture. The other concerns knowledge and especially managers' ability to create conditions that stimulate active and dynamic knowledge creation, learning, and knowledge sharing within the organization (e.g., Nonaka, Toyama & Konno, 2000). To systematize

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