

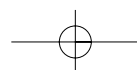
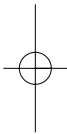
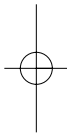
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# Editorial

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Redefining Knowledge Boundaries between  
the Public and Private Sector

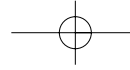
Jon Tucker, Managing Editor  
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One of the most important questions facing an organisation is, "how do I manage the knowledge that exists within my organisation effectively?" This question has given rise to significant debate in the academic literature, in commercial trade journals, within professional institutes and associations, and from so many computing, training and general consultancy companies who claim to offer bespoke solutions to the knowledge problem. For the most part, the debate here has been focused upon the private sector and in particular the role that knowledge management plays in the innovation process within larger organisations. Critical questions that have been examined include the following. How can existing knowledge held in different parts of an organisation be made available to all employees? How can different elements of technical knowledge be combined or synthesised to produce new knowledge and technological innovation? How can tacit knowledge, locked away in the minds of scientists, researchers and functional specialists be captured and made available to other employees who need it?

Whilst this editorial cannot claim to address any of these critical questions in detail, it does begin to address a broader question more consistent with the scope of the journal: Is knowledge management of importance to the public sector, and if so, how should the public sector most effectively manage its knowledge resources? Knowledge management is certainly more than a buzz word or just another management guru fad. Organisations in the industrialised world build and trade upon their intellectual property in the production of goods, or more predominantly in the public sector case, in the provision of services. The issues with which knowledge management is concerned are just as critical to many public sector organisations as they are to large private sector organisations. This is reflected in the huge investments in Information Communication Technologies (ICTs) across many public sector organisations in recent years. Such investments have met with varying degrees of success, but all have been very much in the public eye due to their size and impact on services. Here, the success of a knowledge management system depends upon more than just the hardware and software that might be used to facilitate the setting down of information and its retrieval. Factors such as the perceived cost of inputting data, organisational culture, the level of trust between users of a system and the human tendency to hoard knowledge in defence of positions of power and influence can all have a significant impact upon the efficacy of a knowledge management system. Nevertheless, within a single organisation, a shared culture and at times close proximity to colleagues, can reduce the obstacles to success.

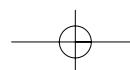
A more challenging proposition is to establish an effective knowledge management system spanning a range of different organisations or different divisions within a much larger organisational structure. Disparate objectives and different organisational values and cultures can, in any collaborative enterprise, represent significant hurdles. The difficulties of "joined up" government and inter-organisational provision are well documented and discussed in this and other public sector journals, particularly when faced with competing claims on public funds or varying performance measurement targets. It is often the case within the publicly funded sector that the functions of different organisations overlap meaning that the potential benefits of sharing and building upon knowledge held across different institutions may be significant. A good example is the provision of advice to small businesses by public sector organisations. Whilst government policy in recent years has aimed to channel the provision of small business support through the national network of Business Links and more recently the Small Firms Service, in fact there are many access points to information for small businesses across a range of organisations. For instance, a small firm seeking advice on sourcing a particular type of technology might contact a Business Link office, a local University (most of which now have outward-facing departments or centres seeking to serve the needs of the local business community), the Chamber of Commerce, or the business development office of a local council. They might also contact the local Government Office or the Small Firms Service for advice regarding funding options for a new technological innovation. Given the shared goal of such organisations to provide the most effective solution to whatever problem or issue a business may wish to address, the case for some form of coordinated knowledge sharing effort would appear strong.



The authors were recently involved in a project to improve knowledge transfer between (and at times within) the public and private sectors in the South West of England. It was recognised in this region that a common approach was required to the management of technical/technological advice provision to small businesses. To address this issue, a pilot scheme for a 'Technical Knowledge Network' was established during the period 2000 to 2001. The scheme drew upon previously existing systems of co-ordinated support provision such as the 'Knowledge House' (a service focused upon a consortium of Universities in North East England) and 'Supernet', a national system for agencies seeking access to information on technical knowledge that was run for a short period during the mid to late 1990s. Indeed, there have been a number of initiatives launched with the aid of public money to facilitate knowledge transfer between and within public sector and private sector organisations. Clearly, the higher education sector and the health service are obvious candidates for better knowledge transfer to the private sector due to their significant investment in intellectual property. Universities are repositories for a vast wealth of knowledge which businesses would profitably use if they were made aware of its scope and nature, and had effective access to such knowledge. The NHS could work increasingly with private companies to share knowledge about medical conditions and their treatment. The sharing of such knowledge sits easily, then, with the drive of the public sector towards greater openness, information and private sector involvement.

The Technical Knowledge Network scheme set up in the South West provides a useful illustration of the potential benefits of public-private sector knowledge sharing. The region decided that it required such a system as a result of some careful reflection upon the following observations. First, against a backdrop of growing competition at a global level, the need to provide businesses with an *optimal* solution to technical knowledge problems, rather than just an *available* solution, was evident. The public sector can therefore play an important role here in reducing this information asymmetry, though there is also an additional related benefit. Research on business networks suggests that the form of such networks can have a considerable impact upon the appropriateness of knowledge. Often, greater benefit arises from wider, loose-knit networks than smaller close-knit networks since the scope for new ideas or solutions being developed within smaller, more familiar networks is constrained. Given that spatially broader networks provide the best potential for providing optimal solutions, the development of a knowledge management mechanism operating at a broad regional level was seen as desirable. A second consideration was the creation of the Regional Development Agencies (RDAs), as this further emphasised the need for a regionally-based solution to the problem of knowledge transfer. The creation of the RDAs meant that new initiatives were increasingly operating on a wider regional level. The expansion of existing human networks at the regional level had the potential to bring clear benefits in terms of the wider range of knowledge to draw upon in addressing business queries. However, if these benefits were to be effectively and tangibly passed on to the business user, a means of facilitating and co-ordinating knowledge transfer between the various agencies involved had to be developed. An often-quoted problem in the public sector relates to the creation of an organizational structure which suits the purposes of the organisation rather than the end user. An additional and complementary system was thus seen as desirable to facilitate this. A third consideration also related to aspects of emerging government policy at the time. An enhanced knowledge network would go some way towards achieving the government's stated vision of a *knowledge-based economy* that encourages lifelong learning. It would also play a role in the realignment of the higher education sector towards the development of improved links with industry, an often-quoted 'third-leg' goal, to accompany the provision of teaching and research as primary output focuses in the sector. Finally, and perhaps most significantly, there was an acute awareness that much of the knowledge held by individuals providing specialist technical support to small firms was tacit in nature. There was felt to be a strong need to capture this understanding to avoid the potential for loss of knowledge when a member left his or her organisation, whether public or private.

The knowledge management system developed as a pilot initiative was given the name *evolve*. This was thought to reflect the evolutionary nature of the network, both in terms of linking an increasing



number of organisations and in terms of the gradually expanding body of technical/technological solutions set down in the underlying database. Members of the network using the system included local Universities, Business Link, the Government Office, Local Enterprise Agencies and County and City Councils. After a lengthy period of conceptual and technical development, discussion and refinement, the resulting system was seen to be both functional and creative, allowing any member to search a data-base of queries and solutions relating to technology and innovation issues, to make requests for information from other members via e-mail and to post solutions used by clients to the system, thus ensuring the growth of the database for future searches. The system met many of its key objectives within the pilot period, however the partners were unfortunately unable to secure further funding to enable the ongoing operation of *evolve* after the pilot scheme ended.

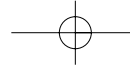
Two important issues arose from the pilot project which give rise to some more general implications for the public-private knowledge transfer interface.

Firstly, the fact that the initiative ended prematurely does in itself provide a lesson for those interested in establishing similar systems within publicly funded organisations. As many readers will be very much aware, the difficulty in securing *ongoing* funding for any scheme in the public sector represents a significant hurdle to effective progress. This is particularly the case given that the efficacy of a knowledge management system evolves over time, as the information contained within networks and systems grows and develops. In other words, systems often need *time* to succeed. It could however be argued that it is the cost of running such systems, in terms of the time and effort required to add to the knowledge base, that is the major obstacle to success. The fact that the user organisations within the network were not willing to contribute enough funding to enable the continuation of the scheme suggests that the benefits of the scheme were not perceived to exceed the costs involved in being a member. The implicit nature of *sharing* knowledge requires some considerable effort by both public and private sectors. This aspect of goodwill must be underpinned with education regarding the benefits of such a system, and only then will the system be "owned" by its users, be utilised and ultimately the benefits will outweigh the costs.

Secondly, other more general issues emerged from the experience of *evolve*. Perhaps the most important relates to trust and confidentiality. Issues concerned with data protection and commercial interest can limit the extent to which member organisations are willing and able to act as 'donors' of technical information. A desire to protect and preserve commercial contacts is likely to exist in all organisations. As institutions such as universities are increasingly encouraged to attract funding from commercial enterprises, their willingness to fully partake in knowledge-sharing may diminish. To address these issues, mechanisms need to be developed to ensure that any commercial benefit arising from an inter-organisational knowledge network is fairly distributed. This could be more easily said than done.

The implications for knowledge management systems generally, and public-private sector knowledge sharing systems more specifically are as follows. Firstly, few could deny that a wealth of knowledge exists within any organisation, and particularly within the public sector. Indeed, the level of expertise required to undertake certain medical procedures in the NHS may not present at all within the private sector. Equally, the knowledge developed within academic faculties would undoubtedly have significant wealth-creating value if more effective mechanisms existed to identify, articulate and apply it in the commercial environment.

Secondly, the public and private sectors should explore means of sharing and exploiting this hard-earned and very valuable knowledge. After all, it is the tax-paying private sector which ultimately facilitates the development of knowledge in our hospitals and universities, and so on, so by rights the private sector should be able to draw upon and benefit from that knowledge.



Thirdly, whilst the sharing of financial wealth and expertise is now common place between the public and private sector by means of the Private Finance Initiative, contracting-out and other initiatives, the sharing of technical/technological and other valuable knowledge is not. Whilst Steve Prosser, in the previous editorial discussed "*sweating your assets*" by unlocking potential in people for the benefit of the organisation, should the benefit also not extend to other public sector organisations or even the private sector? Surely we should be looking to unlock the potential of societal human capital by redefining the knowledge boundaries of the public and private sectors?

The challenge facing the public sector, then, is clear. Lessons may be learned from the private sector which has considerably more experience of knowledge management initiatives. As the technologies and networks in the public sector for facilitating knowledge sharing are emergent, it is too early to assess their impact. The mere fact that we are aware of an extremely valuable resource within the sector which is currently being under-utilised, the resource of knowledge, should demand that we carefully consider new approaches to knowledge management, both in the academic and practitioner arenas.

