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GOVERNANCE IN THE KNOWLEDGE SOCIETY: WHAT IMPLICATIONS FOR CENTRES OF GOVERNMENT?

**Meeting of Senior Officials from Centres of Government on Using New Tools for Decision-Making:
Impacts on Information, Communication and Organisation**

Istanbul, 7-8 October 2004

This document provides background information for Session 5 on Friday 8 October from 09.45 to 10.45.

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**GOVERNANCE IN THE KNOWLEDGE SOCIETY:
WHAT IMPLICATIONS FOR CENTRES OF GOVERNMENT?**

Questions for discussion

Collecting knowledge for decision-making

- How is 'expert' knowledge reconciled with 'experiential' knowledge or society's values, especially in addressing controversial issues (e.g. cloning, genetically modified foods, integration of minorities, social security)? How do Centres of Government gain access to professionals from knowledge-intensive areas? What processes are in place to allow Centres of Government to interact with businesses, trade unions, professionals and the general public?
- How can Centres of Government ensure that they have a sufficient mix of knowledge at their disposal? How do they mobilise 'knowledge networks' within and outside government?

Ensuring the quality of knowledge used in decision-making

- How can Centres of Government ensure that all relevant sources of knowledge have been tapped? How can they check the reliability and quality of the knowledge they receive and use in decision-making?

Managing knowledge

- What kinds of knowledge management tools are needed at the Centre of Government? Do Centres of Government have a role in overseeing the management of public sector knowledge?
- What role could Centres of Government play in monitoring progress towards a knowledge society? What are the key elements to include in an assessment framework?

**GOVERNANCE IN THE KNOWLEDGE SOCIETY:
WHAT IMPLICATIONS FOR CENTRES OF GOVERNMENT?**

1. The 2005 Annual Meeting of the Centres of Government, hosted by Portugal, will be devoted to the governance opportunities and challenges posed by the emerging **knowledge society**. The theme is one of great relevance for all OECD countries and has been chosen in agreement with Portugal, the host country for the 2005 Annual Meeting, the other members of the troika and participants at the Interim Meeting of the Network on 12 March 2004 in Paris.
2. The session will have as its objectives:
 - To identify the key governance issues raised by the emergence of the knowledge society and to identify the impact this has had on the role, functions and procedures of Centres of Government.
 - To determine the priority issues for more in-depth discussion at the meeting of Senior Officials from Centres of Government in 2005 to be hosted by Portugal.
 - To suggest issues for investigation by the Public Governance and Territorial Development Directorate (GOV) within its current and future work programme.

What is the ‘knowledge society’?

3. There is no single, generally accepted definition of what constitutes the **knowledge society**. It is a broad and multifaceted concept that, when applied to public policy, refers to reforms that aim to improve the creation, use and diffusion of information and knowledge. The concept of **knowledge society** has emerged since the 1970s in tandem with the increasing use of information technologies and knowledge in economic production. This transformation has been referred to as the information or technological revolution or the ‘new economy’ – where information and knowledge becomes a key factor of production and supersedes industry that, in its day, had replaced agriculture. Another term is the ‘knowledge based economy’. The OECD has defined this as an economy which is directly based on the production, distribution and use of knowledge and information. It mainly reflects the trend in OECD economies towards growth in knowledge-intensive areas (such as high-technology industries, information technology services), highly-skilled labour and associated productivity gains.
4. The World Bank has identified the following four pillars of a knowledge society¹:
 - Connectivity to information and communication technologies;
 - Education and training;
 - Economic incentives and regulatory framework;
 - Innovation systems of researchers, scientists and private enterprises.

¹ World Bank, 2001, www.worldbank.org/eca/knowledgeeconomy

5. While in practice ‘information society’ is often used as a synonym of the ‘knowledge society’, information is only a part of knowledge. The OECD has identified four types of knowledge, distinguishing between codified knowledge or information and tacit knowledge or competences and practical experience²:

- *know-what* or knowledge about facts;
- *know-why* or scientific knowledge;
- *know-how* or skills and abilities;
- *know-who* or knowing who has knowledge and capacities.

6. Today, OECD economies are dependent on the production, distribution and use of knowledge more than ever before – about 70 to 80 per cent of economic growth is generated on the basis of better knowledge. The trend in OECD countries toward knowledge-based economies continues to accelerate and is reflected in an increasing diffusion and a more efficient use of information technologies, increasing investment in knowledge, expansion and mobility of human resource basis, increasing proportion of professional and technical workers and increasing integration of economies.

7. An increasing number of OECD governments have adopted specific policies and strategies, processes and institutions for the knowledge society or have integrated such measures in national strategies for the information society or e-government.

What are the key challenges and opportunities for Centres of Government?

8. The emergence of a knowledge society presents both opportunities and challenges for government. It requires **changes in internal governance systems** to enhance efficiency, provide better services, build new skills and acquire a wider range of knowledge. It may also stimulate a review of the role and priorities of government in light of an increasingly knowledge-intensive society. Centres of Government in many OECD countries are taking the lead in developing various knowledge management tools to review existing knowledge and information, stimulate learning, share information and maintain institutional memory.

Acquiring the right type of knowledge at the right time

9. In supporting decision-makers, Centres of Government requires all four kinds of knowledge: know-what (facts), know-why (science), know-how (competences) and know-who (relationships). These different kinds of knowledge are interdependent. The task of the Centres of Government is to learn how to master them. While know-what and know-why can be obtained through reading and databases, the other two kinds of knowledge are rooted primarily in practical experience.

10. Know-who (or ‘knowledge about knowledge’) is perhaps the most valuable for Centres of Government. It involves the formation of special social relationships which make it possible to gain access to experts and to use their knowledge efficiently. It is important in government where skills are widely dispersed as a result of a highly developed division of labour among organisations and experts. It is particularly crucial in ensuring timely responses in the face of accelerating change and in ensuring adaptive government. This type of knowledge is internal to a given organisation to a higher degree than any other and is learned in social practice. The effective integration of knowledge into decision-making requires the capacity to set priorities, ensure sequencing and identify what kind of knowledge is needed for what purpose. Such developments may have a real impact upon the relative power and influence of Centres of Government in government decision-making.

² OECD (1996), *The Knowledge-based Economy*, OECD, Paris.

Building on diverse sources of knowledge

11. The challenge of the knowledge society consists of incorporating an increasing variety of sources of information in making decisions and delivering services. These include internal knowledge and data bases within Centres of Government and external knowledge flowing from the media, internet, private sector, civil society groups, ordinary citizens, ‘professionals’ and ‘experts’. An increasing number of sources of information and knowledge are available at home and abroad. The challenge is clearly how best to choose and combine these diverse sources in making the right decisions.

Interacting with professionals and consulting the public

12. Most economists recognise that a key feature of the knowledge society is that of increasing interaction and networking. There is an urgent need to link activities and actors that previously worked in isolation and within their sectors or national borders. Networking is an important tool for bringing together and transferring knowledge between research, science and business sectors and is increasingly multidisciplinary in its nature. There are numerous examples in the OECD countries of permanent or *ad hoc* bodies, as well as specific strategies for multidisciplinary and cross-sectoral interaction, for instance, the Bioethics Commission at the Federal Chancellery in Austria, the Social Security Advisory Committee in the UK, or the government action plan for knowledge institutions and business community interaction in Denmark. The proliferation of such advisory bodies raises questions regarding their position within the wider framework of democratic accountability.

13. Partly in recognition of the limits to ‘expert’ knowledge, policy makers have undertaken a greater degree of consultation with a wider range of actors. Consultation procedures make decision making processes slower but surer. Consultation on a scientific or technical issue can help to combine technical and scientific knowledge with societal values, alternative sources of knowledge and practical experience. Such exchanges can help raise public understanding of the use and relevance of scientific and technical solutions and strengthen citizens’ trust in government decisions.

Checking the reliability and quality of information

14. Knowledge is simply a tool and as such, its value depends upon its importance and position in the task to be performed. As the flow of information and knowledge is increasing, finding the ‘right information to take the right decision at the right moment’ is today a critical challenge. It presupposes having the appropriate skills and capacity within Centres of Government to assimilate knowledge from a range of sources. Centres of Government also need the capacity to critically review the knowledge used in decision-making. This entails interpreting information and identifying its relevance for a given decision, but also judging its reliability and quality.

Managing your own knowledge

15. The concept of knowledge management, mostly developed in the private sector, is today also gaining ground in public institutions. Knowledge management requires tools and measures to improve the Centre of Government’s capacity to generate, gather and disseminate information internally and to the outside world. These include data bases, staff mobility and training.

Monitoring knowledge society performance and mapping the future

16. Centres of Government may play an important role in monitoring government policy or knowledge society performance, in analysing the effectiveness of measures taken and critically reviewing their results and impacts. Each government's own programme serves as the main benchmark for such assessments but there are also many useful international policy *fora* and networks which provide a basis for policy dialogue, foresight exercises and international comparisons.³

17. The OECD is itself an actor in, and a leading source of comparative data on, the knowledge society. Since the mid-1990s it has undertaken reviews of the main trends of the knowledge society and its implications in the following three areas: science, technology and industry, education and governance. Of most relevance to Centres of Government is the recent work by the Directorate for Public Governance and Territorial Development on knowledge management, the governance of advisory bodies and consultation mechanisms.

³ The United Nations World Summit on the Information Society (<http://www.itu.int/wsis>) is the most global, while the European Union's Interchange of Data Between Administration Initiative (<http://europa.eu.int/ISPO/ida>), the European Foundation for the Improvement of Living and Working Conditions (<http://www.eurofound.eu.int>) and the e-Europe indicators are relevant for EU Member States. Independent benchmarking firms also collect comparative data, such as Nielsen NetRatings (<http://www.nielsen-netratings.com>).