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Knowledge Management As A Reform Mechanism In Public Sector Administration

Browne, Rachel

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CHAPTER 4

Findings, Research And Results

'The reality is that in building a developmental state, the public service has to address a wide range of complex and difficult problems. We need to build a culture within our public service .... that actively engages in seeking new and creative solutions to problems that directly impact on them.' Geraldine Fraser-Moleketi, May 2004

4.1 An overview of the chapter

This chapter has been set out to investigate the nature of the organisational setting at the National Treasury drawing on the data collected in the face-to-face as well as the e-mailed interviews. The chapter is set out in the form of a map of organisational restructuring (Figure 2) that will act as a guide for the investigation. The validity of the guide is supported by a detailed data analysis exercise that was carried out once the interviews were completed. The exercise involved the identification of key words drawn from the data that captured a sense of the organisational dynamic. These words were subsequently grouped into thematic areas and given headings derived from the review of literature. The headings in turn provided a structure for analysis and the data was teased out and grouped according to the established headings. In the final stage of the analytic process, they were woven together to present the findings. Through the data analysis exercise, therefore, characteristics of NT organisational life have been drawn out, explored and discussed, mediated through the map and its conceptual milestones.

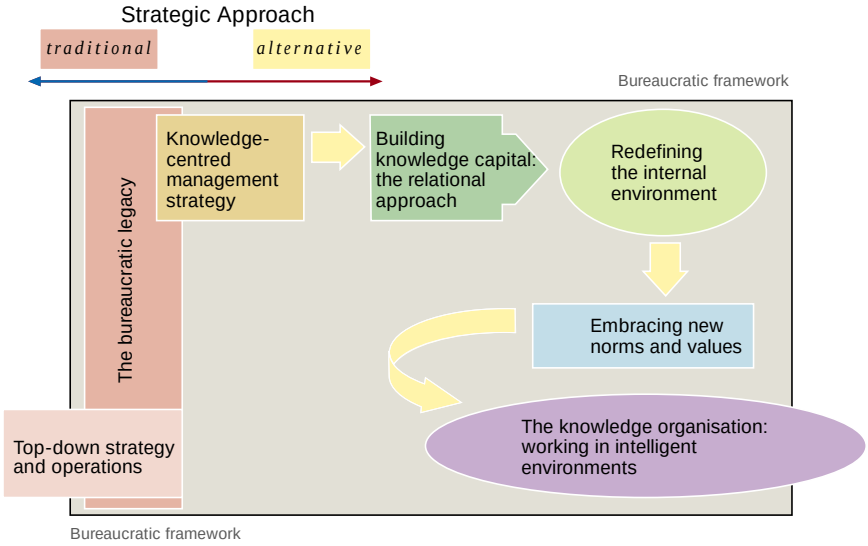

Figure 2

The chapter begins on the left hand side of the map and considers the bureaucratic legacy of public service administration (PSA) and how this has influenced strategy and operations at the institution. Thereafter, the data will be examined through the medium of an alternative knowledge-centred management strategy incorporating the development of knowledge capital, the redefinition of the internal environment and the embracing of new norms and values. These three key milestones, falling within a knowledge-centric approach to organisational development, represent a map (Figure 2) of PSA reform through a knowledge-focused viewpoint. The initial sections of the chapter will situate the NT within the PSA constellation and present a contextualised view of organisational arrangements within the department. The following sections will take each milestone of the knowledge-focused map and explore how each might fit together to consolidate a strategy of reform that shifts public service thinking away from the limitations of the bureaucratic paradigm.

4.2 The National Treasury: knowledge repository and benchmark public service organisation

The new NT functions as a knowledge gatherer, repository and disseminator, advising and supporting decision-making at senior government level, and across

government. The position of the institution in government is reflected by Raymond Naidoo and Tebogo Diphoko's comments respectively: '*As Treasury we are mainly concerned with information gathering from other departments, entities etc*'; '*...other departments look to us for guidance...*'. Another example of the pivotal role that the NT plays in government is suggested by Henry du Plessis who speaks of the '*huge impact*' on the '*external environment*' that is experienced if Treasury members do not work to a '*high standard*'.

In addition to the role that the NT plays, there is also an emerging perception of the department as a benchmark organisation for public service administrative practice. Its position in PSA seems to support this perception, reinforced by the appointment of its second Director-General in 2004. Respondent Mark Douglas reveals that the Director-General's vision for his institution is to make it the '*first port of call for young people*' and an '*employment of first choice*' in government. For all responses there was an understanding that the NT is a challenging, learning environment. Douglas more specifically refers to skills developed at NT as being part of a wider strategy of developing best practice across government through NT graduates moving into government departments as organisational reform strategists. Pieter Koning refers to the organisational environment at NT as a place where operative '*norms and standards*' are developed as a '*new approach*' to improving operations across PSA.

There, are as a result, specific challenges that confront the NT: Being able to sustain its flagship position in PSA by developing organisational best practice, and creating a working environment or organisational climate that will attract motivated young graduates into the public sector as a long-term career option. For the NT, these challenges lie at the heart of its organisational reform programme. The direction that this programme is currently taking will be further explored through the chapter. The following section will provide a background to the formation of the NT at an organisational level, focusing particularly on the impact of the bureaucratic legacy that the institution has inherited.

4.3 The bureaucratic legacy

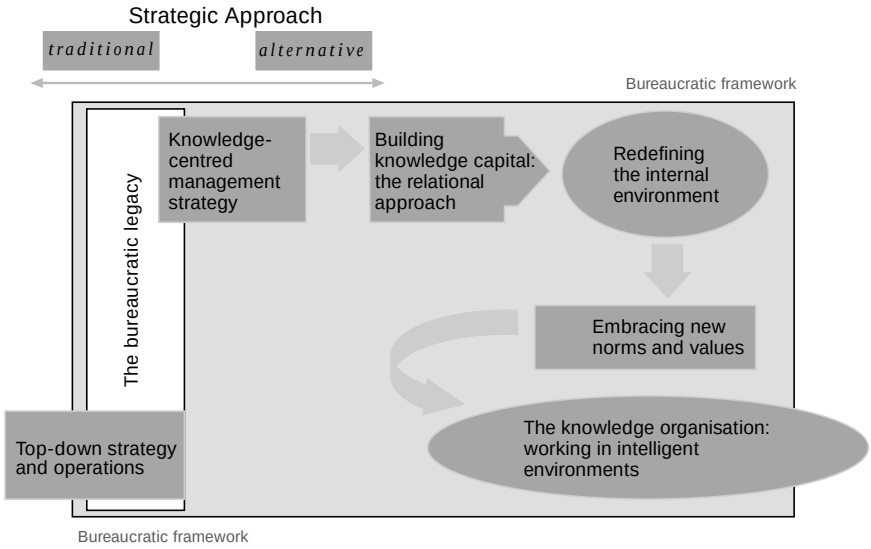

Figure 3

'*I think bureaucracy is necessary, we need to have some sort of structure and a process of approval*' Henry du Plessis, Level 13

In 2000, the Departments of State Expenditure and Finance began a merging process to transform themselves into the National Treasury (NT). The new organisation, a phoenix rising from the ashes of two non-collegiate/asymmetrical institutions underwent a process that involved restructuring and reformulation, described by Naidoo as ' *an organisation designed from scratch to meet its objectives*'. Respondent Michelle Barends describes the NT as '*a baby in the middle of growth*' made up of individuals that Naidoo explains come from a range of different backgrounds reflecting the old '*red tape-type*' and the new, '*progressive thinking*'-type, the latter's values he says having been shaped through '*days of activism*'. This section refers to the highlighted section of the map and discusses one of the key findings that emerged through the research process, namely that a bureaucratic legacy was inherited and absorbed by the NT as the two former departments of Finance and Expenditure were forged into one. Another key finding is that the new NT is widely recognised as a flagship of public service administration, a department that through the restructuring process has been

attempting to redefine itself to meet the requirements of the Public Finance Management Act (PFMA)[16]. A further key finding that emerges through the data is that the NT is supported by a bureaucratic internal coalition of type, working within an autocratic system of control. These findings will now be discussed.

The amalgamation of the two departments in 2001 produced a hybrid-like organisation with a culture that Naidoo says is '*fed by its purpose*' to be '*responsible to handle the largest budget*'. Its redefinition exercise is being carried out through the introduction of a culture of '*teamwork, professionalism and accountability*' (June Parks) . On a broad level, this redefinition is evidently in process but at the meso and micro levels there is disparity. As Ilse van Schalkwyk asserts: '*People (are) resistant to change, they grapple with their current job*'. This is echoed by George van Zyl, who refers to individuals with '*preconceived ideas*' who will not accept working in different, new ways to meet the challenges presented by the external environment and the PFMA. At a meso or micro level, one outcome of this resistance is the persistence of '*turf*' (Douglas) or territory marking as managers impose '*rigorous checks and balances*' (Douglas) that give rise to working environments where innovative thinking and practice are stifled and where people such as Wilma Versveld feel that her job is '*really to implement*' and finds herself working in '*automatic*'. As a result, certain areas of the NT contribute '*in silo fashion, focused on own objectives and outputs*' (Barends).

Respondents at the middle management level (participant levels 11-14) expand on the dichotomous relationship of the two departments that were brought together to form the new NT. Van Schalkwyk refers to the merger as a synthesis of '*Bean counters*' (Expenditure) and '*Visionaries*' (Finance)'. The '*Bean counters*' she says are mostly found in Corporate Services and are '*resistant to change*' and '*grappling with their current job*'. Van Zyl makes reference to this divide by referring to '*people with preconceived ideas*' while Diphoko alludes to the standard bureaucratic hierarchy trap – those holding few if any relevant qualifications, but many years' service and who are in the upper hierarchies and constantly

[16]Interview with Raymond Naidoo

threatened by the 'new blood' of post 1994 graduates, attracted into the NT because of it '*being at the forefront where decisions are made that affect the future of the country*' (Barends).

The dichotomous transitional nature of the new NT, it would appear, also has implications for information and knowledge and its lack of dissemination and creation, respectively. From Marta van Rooyen's perspective, '*information is monopolised for the sake of individual progress*' and this is borne out by van Zyl who asserts that '*some individuals have been capacitated and grown, they were privileged and aligned*'. The lack of motivation to share knowledge in the organisation is noted through Barend's comment when she says: '*Some managers are reluctant to share knowledge and information because of the advantage it provides them*' – a comment that finds resonance with the suggestion that workplace turf issues are pervasive in the NT with their attendant values and practices. In this environment, a focus on knowledge creation supported by strong flows of information dissemination is not regarded as a core workplace principle. Here, the precipitation of information does not reach all workplace levels, but remains a focus and a prerogative of senior management, as Sibongile Tshabalala sees happening in her directorate. In this type of working environment, the lower level worker, who might well have an important contribution to make, becomes neutralised, as exemplified by Barends who describes her experience of the reform of the performance management system: '*We made a lot of noise, but we were ignored*'.

Many of the lower level respondents expressed this particular area of organisational arrangement as a ceiling between themselves and senior colleagues. Ceilings are an important factor in traditional (vertical) workplace structuring and they help to reinforce a working environment characterised by autocratic control as a principal management tool. Van Rooyen feels that in her directorate, '*information seems to stop at the level of directors*' and that information dissemination is '*preached, but not practised*'. Other respondents refer to linear thinking and to individuals feeling threatened by workplace colleagues, a lack of trust, bringing about resistant attitudes and behaviour. They speak of the fear factor brought when others

shine more brightly, of manipulation. Robert Brown refers specifically to an absence of '*career pathing*'.

Characteristics of autocratic control come through the data in the way that some of the respondents perceive reform – at arm's length. They refer to it as an activity in the workplace with which they are not intrinsically involved, a political activity that is carried out at leadership level. Tshabalala for example, does not think that reform initiatives are shared with the lower levels: '*Consultation doesn't filter to lowest level. The focus (is) always on senior management*.' Consultation around reform issues seems to take place above the ceiling, '*strategic planning is top down*' and information flow dependent on the sanction of senior management so that '*everything must go through the CD's office*'. This structured and controlled system of information flow that Tshabala, Douglas and Van Rooyen respectively describe seems to have a bearing on the way personnel at lower levels relate and engage with organisational information at their disposal. Ranking and position appear to play a role in the depth of engagement, a perspective that is offered by Parks, who says: '*I have access to knowledge more than others..... Not everyone is that privileged*'. Privilege and knowledge/information at this stage of the development of the NT appear thus to have a symbiotic relationship, located within a broader system of control. This system of management is seemingly instigated by behavioural 'type' as opposed to management norms, a status quo depicted by Koning who says: *In (my) directorate you get some individuals who resist change. This is unfortunate, (but they are) islands of resistance*'. Douglas provides a different perspective when describing divisional isolation or '*silo mentality*' brought about as a result of '*turf issues*' and '*holding on to old values and ideas*'. The idea of type is also strongly echoed by van Zyl who says that there are '*public service managers who don't manage but who manipulate*' and who become easily threatened, a type that Van Rooyen refers to as '*rigid*' and who prefer to hold on to the old (procedural) ways of doing things. This type would tend to choose a path of power based on a political dynamic and who would keep talented subordinates whom they regard as a '*threat*' (Van Zyl) determinedly out of the political circle on a personal quest for advancement. Diphoko provides this perspective of the working environment with her

comment: '*Bureaucracy is not always the problem, it is fear. If one becomes a threat to their position, (a manager) has a reluctance to groom*' . Van Rooyen, when asked about the managerial approach at the NT, replies: '*Some are rigid, some lenient, some are technocrats....(it) depends on the character*'.

The threatened or more traditional 'type' at the NT is alluded to through the respondent commentaries as obstacles in the path of organisational growth and transformation. They are also referred to by Van Zyl as the '*nuts and bolts*', individuals who '*have everything revolving around them*' and who, rather than working towards transforming the organisation on a '*broad basis*', support and perpetuate narrowly focused '*silo*' activity. Barends elaborates: '*We tend to contribute in silo fashion....focused on our own objectives and outputs*'.[17]

The concept of silo mentality is often referred to in the data and is identified as an insidious and oftentimes implacable opponent to organisational reform. As has been stated as a key finding at the beginning of the section, the data suggests that this mentality is supported by a bureaucratic internal coalition working within an autocratic system of control. This state of being is brought into sharp focus, for example, by the subtle, but nonetheless clear divide between line units and service division units. Data reveals that the line unit at the NT is regarded as the '*line function side*' whereas the service division is the '*support*' side and although Parks confesses that '*some other divisions hate what I say*', she states: '*There is always a difference between the line departments and service division departments*'. The origins of this divide, the data further reveals, are founded in the old systems of command and control, as shown through Barend's reflection: '*People responsible at Corporate Services* [support side] *tend to think that technical services* [function side] *should not be involved*', and likewise, Van Schalkwyk's: *Corporate Services is the gate, you must know how to open it*.

[17]Silo mentality describes a particular form of shuttered thinking and being in organisation. Taking its name from the grain silos that stand tall and high, side by side, impenetrable except from the top, it depicts operational processes in organisation that are contained within a strictly demarcated area with an emphasis on vertical north-south or top-down perspectives and action. Silo activity does not accommodate cross fertilisation of ideas or activities and cannot support the development of a networked working environment.

There is a disparity that appears to exist at the NT. This comes as a result of the broad spectrum of management styles and beliefs that have been brought together as two very differently operated organisations with different operational styles encountered each other. With the NT leadership advocating for the department as an employment of choice, the newly restructured institution has been infused by new blood, university graduates, young and seasoned with different ideas and broader agendas. The eight divisions that were created through restructuring, each with a divisional head can perhaps account for the predominance of 'type' as an organisational driver, some visionary, others traditional. This would explain how fiefdoms have been established, together with ceilings and a silo mentality. The next section therefore looks at the current strategic approaches of the NT as a means to understand more fully the impact of the bureaucratic legacy on its restructuring.

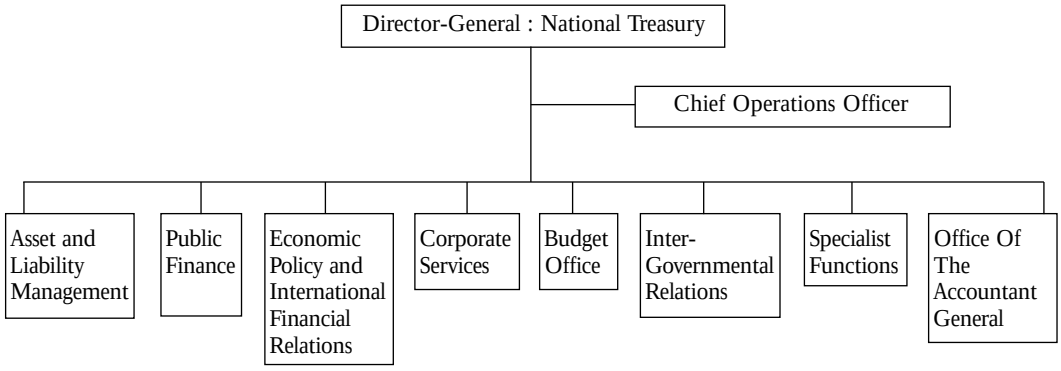

Figure 4: The National Treasury: divisional layout

4.4 Strategic approaches

'*The DG attends all strategic planning sessions of all Chief Directors if he is invited*'

Mark Douglas, Level 13

From the data that has been collected it is clear that two conflicting strategic approaches are apparent at the NT, a dominant top-down strategy and operations approach that reflects, and is located in a traditional modus operandi and an alternative, but somewhat negligible strategic approach, that of knowledge-centred management. Both of these will be discussed in the following sections.

4.4.1 Top down strategy and operations

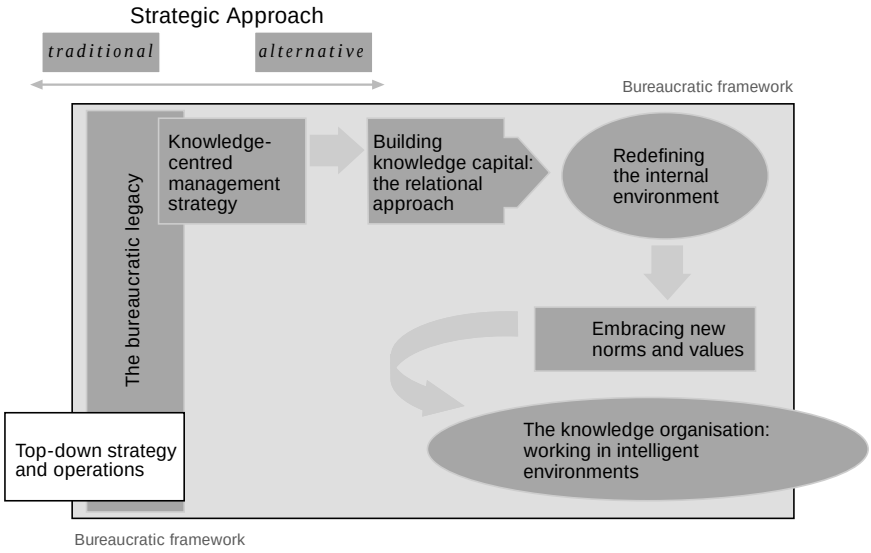

Figure 5

In the course of the unwinding of the two departments, their amalgamation and the subsequent birth of the NT, a structural arrangement was set in place by the then Director-General to strengthen '*a focus...on the economic dimension and core outcomes*' (Van Zyl) of the institution. This focus is a key finding in that the new arrangements signalled a shift in standard PSA organisational design, setting the institution on a strategic path that has been instrumental in shaping the organisational dynamic of the institution. From the outset, the NT would be made up of a collective of eight divisions representing the eight core 'pillars' of the institution[18], each set in place to support organisational requirements in equal measure, each self contained with as Van Schalkwyk relates, '*no buffer between senior managers and the DG.*' Van Schalkwyk refers to this form or structuring as '*divisional equity*', part of the former DG's '*clinical approach*' (Van Zyl) to the macro project, which was to remodel and fashion an appropriate working environment in line with the department's mission as '*custodians of the nation's financial resources...act(ing) transparently, with integrity, respect, fairness and objectivity*'[19].

[18]Corporate Services; Specialist Functions; Economic Policy and International financial Relations; Budget Office; Public Finances; Asset and Liability Management; Intergovernmental Relations; Office of the Accountant General.
[19]National Treasury, Annual Report 2002-2003.

Part of the '*clinical*' overseeing process as described by van Zyl has meant that the building up of the divisions was left to divisional leaders who were relied upon to download the new broad vision of the new NT. Van Zyl's analysis of events reveals how this process produced mixed results with '*some divisions managing integration in a constructive way while others in a dominating, prescriptive and power-centred fashion*'. Perspectives likewise offered by respondents about strategy and operations are consequently illustrative of this non-uniform approach to structuring applied across the divisions: '*Corporate Services make decisions that affect all of treasury, yet we are not consulted*' says Barends; '*strategic planning sets out the work programme. I feel that the lines of supply, information and support are well in place to support our strategic plans*', says Koning. '*My colleague's Chief Director has a hands-off approach. In my case, my Chief Director is accessible. Clearly they have different ways of managing*' says Barends. '*I am at a junior level, but I know the people in the chain and their interaction is quite flexible*' says Brown. '*Strategic planning is top down*', says Douglas. The evident lack of a common strategic direction in the area of organisational reform is confirmed by Barends, who says, '*strategic direction changes as management changes*' and the ceiling theme gets echoed in the area of strategy and operations when Tshabalala, a middle manager asserts that '*the focus is always on senior management, so I cannot take anything lower down unless senior management have OK'd it*'.

The establishment of divisional equity at the NT has further implications for strategy and operations within the organisation. Barends, for example, highlights silo thinking around reform issues at the NT when she says that '*people responsible at Corporate Services tend to think that technical services should not be involved*'. The technical services that Barends is referring to are the line function departments, those that are responsible for monitoring and guiding government spending. Respondent, Naidoo, in his division, likewise sees himself as an 'external', meaning that he sees his core focus being outwardly oriented in the direction of government departments, and therefore for him, strategy and operations are about '*internal stuff*' that he feels is a burden that he should not have to bear.

The silo mentality that is regularly referred to, the result of a '*clinical approach*' to restructuring, mentioned previously by Van Zyl, has reinforced other strategic obstacles, one of them described by Van Schalkwyk as a '*degree of mistrust*' brought about by '*rivalry*' (Van Schalkwyk) between senior managers. One of the reasons for this can be found in the area of information flow throughout the organisation. Divisional structuring has seemingly resulted in a blackout of information across the divisions that which reinforces fiefdom attitudes. The lack of information flow has arisen because the 'I' shared computer drives or inter-organisational electronic space in the department, is not accessible on an organisation wide basis[20]. The divisions in the organisation are spread across two buildings in Pretoria (44 Church Street and 240 Vermeulen Street) and as a result, two 'I' computer drives exist with the divisions in Church Square accessing one, and those occupying Vermeulen accessing the other. Rivalry has also arisen according to Van Schalkwyk as a result of there being no '*buffer*' between senior managers and the DG[21], someone able to set in place mechanisms for managing resistance and issues around conflicts of interest arising out of the divisional equity workplace policy.

The divisional arrangements in the new NT and the lack of a buffer between senior management and the Director-General would suggest that leadership at the most senior divisional level still plays a crucial role in the relaying and interpretation of organisational strategy down through their structures. Van Zyl corroborates this when he says that the '*impact of leadership is crucial*' and that therefore the higher people are in the organisation, the more they should '*energise*' by being tapped into the '*emotional energy*' of the workplace itself. Koning admits to having a '*great respect*' for his Deputy-Director General, who he says, '*is not production but results oriented*'. Van Zyl feels that the present Director-General, the second since the inception of the NT has a '*higher sensitivity to emotional energy in the organisation*' and as a result tries to attend as many strategic planning sessions across the organisation as possible in line with

[20]Interview with Van Schalkwyk
[21]The operations officer who has been appointed at the NT according to van Schalkwyk is a political appointment and for this reason she says, he is has not made any impact on organisational reform,

the overall organisational strategy of divisional equity and plugged-in leadership. Energising and tapping into emotional energies is an important area of senior managerial responsibility to drive workplace innovation and support change, but it cannot operate in a vacuum. There is evidence, however, of downstream innovative practices to support senior management emerging through the data in certain divisions, albeit in a localised form. Barends, for example refers to her Chief Director as being '*hands-on*' with a '*participative style concerned with the lack of good knowledge flow*' in the division and therefore beginning to focus on '*cross-cutting initiatives*'. There are signs, therefore, that a shift is happening and a different management approach is in development, based, as Malhotra (2000) puts it, on organisational vision rather than complying to rules and pre-specified best practice, but despite this, Douglas bluntly says, '*at high level, silo mentality still exists*'. This mentality or narrow approach to organisation that promotes and perpetuates top down strategies is what limits the scope for change at the NT and is possibly its greatest challenge.

4.4.2 Knowledge-centred management strategy

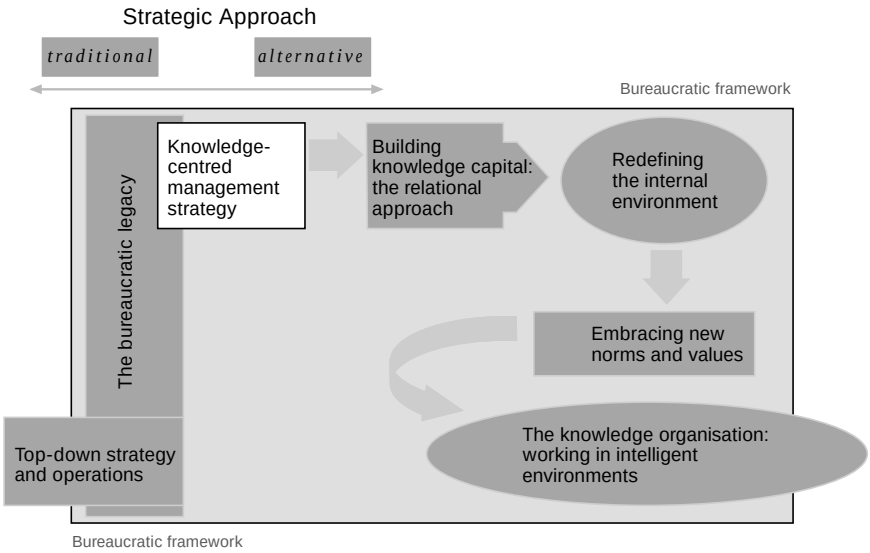

Figure 6

Within the dominant top-down approach that has been outlined in the previous section, a key finding from the data is that there is space provided for interventions based on a work style that encompasses horizontal thinking and information flows. This is made possible, the data would suggest, precisely

because the NT is encouraging and not suppressing innovative and creative management. What is lacking is an overarching strategic framework that is driven by leadership and that promotes a knowledge-centred management strategy that recognises and supports emerging management styles, which is sustainable across the divisions. This section offers some insight into this approach and provides evidence through the data that seeds are being sown to this effect in the department.

The NT sits at the head of government (part of a troika including the Reserve Bank and the SA Revenue Service) and is the arbitrator of the national budget where it creates the rules that govern the processes and procedures of funding flow down through government. For this reason, it has considerable leverage on public service administration. As Koning describes it, '*the NT is <u>the</u> department. Everyone looks up to it*'. As such, whatever happens organisationally within the NT has very clear ripple effects across government, and its reform strategies, it could be strongly argued, can help shape organisation of the future, across the government. It occupies a unique position in the constellation of public service administration departments. As an 'out-of-the-box' three-year-old organisation that has literally been constructed '*from scratch*' (Naidoo), it has brought into its domain '*new blood*'(Barends), a mixture of academic (or who some refer to as technical) and qualified, postgraduates whose workplace perspectives are somewhat different from those drawn from the two former departments. Du Preez outlines this difference by describing a senior colleague who recently entered the Treasury: '*Instead of waiting for one thing to happen and then another, he starts a lot at once. He is proactive.*' It is within this new working environment, which Douglas refers to as being based on a system of '*egalitarian meritocracy*', that there is much scope for interventions based on a knowledge management approach incorporating horizontal work and information flows as opposed to a more traditional vertical approach. Data collected through the interviews reveal that seeds have been planted to this effect, but what appears to be lacking is an overarching knowledge management strategy driven by leadership with senior managers buying into and sustaining the approach in all the divisions. In order to better explain what this approach might be, the data provides some insights into the emergent thinking in the organisation:

- Addressing the area of information volume and information sharing in organisation, Robert Brown says: '*We are working from the principal of abundance of resources so no-one is excluded*', while Themba Witbooi explains that '*one of the fundamental core activities (of the NT) is building a knowledge base*', and to carry out this activity, he says that '*sharing of information is brought to the fore as it encourages teamwork and mutual striving to achieve objectives*'. Parks, who is a part of middle-level personnel, is alert to the importance of acquiring new knowledge, which, she says, consultants can provide, and therefore on entering into a contract, '*the transfer of knowledge is written in*'. The consequences of strong information flow are brought to the fore by Barends: '*Supervisors are aware that the more knowledge and skill they impart to their junior managers, the more adequately they are equipped*', and Douglas reinforces this by affirming that '*people (at the NT are) challenged and stretched to go beyond their comfort zones (and) encouraged to strive.*'. But Witbooi feels that more of a '*strategic intervention*' is needed to consolidate the practice of developing skills awareness, something that he feels is an '*important focus*' for the NT. This intervention could well incorporate a programme or system of mentorship, which does currently exist at the NT, but which, according to Van Schalkwyk, is only available at director level.

- Working against silo approaches and introducing cross-functionalism into the workplace, the data also provides examples: Entire divisions working together on macro projects such as Public Finance and the Budget Office (Diphoko) or intra divisionally, establishing teams to work on projects indicated by Barend's experience: '*As middle manager, I work with a team leading to an output*', and echoed by Tshabalala: '*We work on collective projects that I might not lead in my area, but I might lead in another*'. Du Plessis' view of the workplace has some substance when he says that at the NT, '*there is much more of a flat level of authority than a structure of decision-making*'. This flatter level of authority, it would appear, is being supported by an increasing focus on project work within and across divisions, which, according to Tshabalala, is part of the NT's broader '*strategy of breaking silos and rotating people*'.

- Through the Director-General's advocacy campaign, the concept of network thinking is being introduced into the workplace and the sharing of server space across divisions, Douglas believes, will help break through silos insofar as information structuring and thinking is concerned. Treasury staff, it would appear, are increasingly able to access information and expertise outside of their immediate working environment. This form of organisational transparency, in turn, feeds into a learning framework where members find themselves '*learning a lot about organisational alignment through openness and transparency of people's strategic objectives*' (Van Rooyen). Du Plessis, a senior manager, refers to network thinking as being able to work within the '*big picture*', which, he says, provides '*space for creative thinking within a framework of responsibility*'. The best example of networking that is currently in practice at the NT is the macro project that prepares and produces the National Budget. Douglas describes it as a process that '*cuts across the NT*' involving all divisions, with Van Schalkwyk depicting it as the coming together of '*individual areas of knowledge*' where the '*organisation creates processes for inputs, debates, political insights, oversights*'. These processes that Van Schalkwyk is describing are part of a greater organisational network of activity, collectively producing a final product, the annual budget. As Parks explains, the nature of the NT's work, covering a broad field of knowledge and expertise, sets a requirement for being able to work and interact as part of a network. Networking, together with focused results-oriented teamwork, provides a basis for successful and efficient micro projects that make up the macro budget. This project provides an illustrative example of collectively managed knowledge inputs on a large scale and collective endeavour, which the Director-General, according to Douglas, made note of in a recent strategic planning meeting when he spoke about the budget project '*as a shining example of teamwork and how the (process should) be repeated in other areas*' of the NT organisational processes.

- The inclusion of a policy of induction and a '*constant servicing of the human resources*' for all members of staff, Witbooi, feels should be integrated into the workplace in order that all members of the organisation make optimal use of

its explicit knowledge base. Currently at the NT, Parks reports of an electronic document tracking and filing system that is currently being designed and soon to be implemented and that should have the effect of infusing the explicit knowledge base of the institution with increased purpose. This technology project should take the knowledge base at the NT from a level of little value where few have access, to a level of considerably increased value where electronic documents are within reach of all and where the need for prescriptive management in the workplace is reduced. In the process, this explicit base becomes an important learning and process 'tool kit' to assist in creating efficient organisational practice. Organisation-wide induction into the successful and profitable exploitation of the knowledge base is therefore key to unlocking the greater value offered by the electronic system under construction.

The knowledge-centred management strategy is one that shifts focus away from an exclusive divisionally organised strategy feeding vertically up the line of command into a top structure (in the case of the NT, the Director-General's office), to cross- functional, team and project-driven, horizontal and networked strategic interventions. The interventions are supported by an '*abundance of resources*' (Brown) and an information-rich environment and direct focus on to the entire workplace instead of on to senior management, exclusively. It would appear from the data that this is a particular challenge that the NT has yet to address at a broad level. Douglas explains by way of an example that working out how to accommodate all members of the institution at strategic planning sessions is proving to be a frustrating exercise in that, he says, it is '*difficult*' to know where the lower levels '*fit*' into the broad framework of the NT's working environment. Douglas' prevarication about the relationship of the lower levels to the process of network thinking, however, is revealing: '*Lower positions network thinking is difficult In some cases (they) don't need network thinking, people just need to get on, but they do need to know where they fit in, which means a certain amount of networking*'. The two conflicting strategic approaches that are apparent at the NT with the top-down strategy the data would suggest, at present clearly dominant, is brought about by strategic planners who seem to be more

comfortable at present in the area of operational as opposed to conceptual thinking. Thinking conceptually is an area of discussion that will be further explored in the next section.

4.5 Building knowledge capital: the relational approach

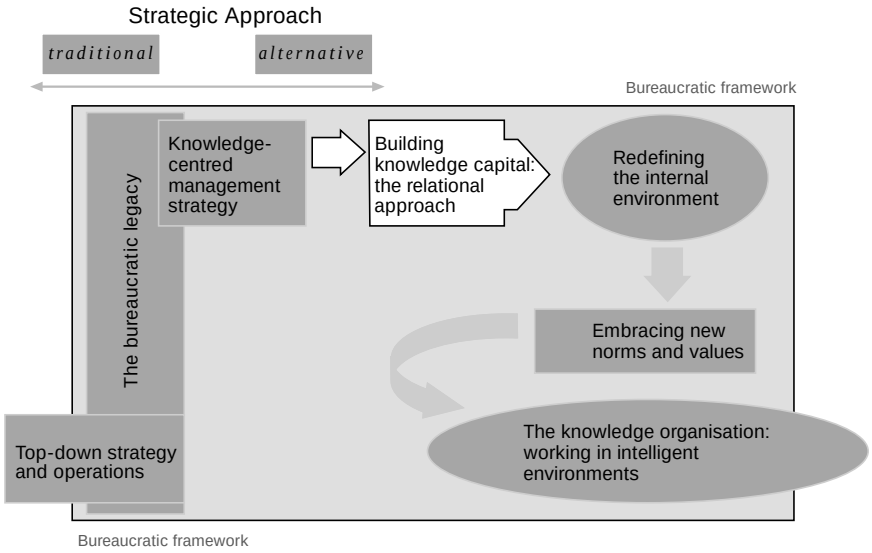

Figure 7

'*I will continue living through the people that I have enriched as people who have enriched me are still living through me.*' Ilse van Schalkwyk, Level 11

This section will provide an overview that attempts to develop further the concept of a knowledge-centred management strategy through the examination of four factors that are key to the consolidation and utilisation of knowledge capital in organisation. Framed within what is known as a relational approach to organisational practice, the strategy places an emphasis on cyclical as opposed to linear thinking and on shared as opposed to individual goals. Precedence is placed on the nurturing of group intelligence. A relational approach encompasses an ethic of collaboration and learning across organisation and through levels in equal measure, as a means of breaking out of hierarchical control systems. The relational approach therefore draws on the following key factors: the tacit knowledge domain; unlocking hidden knowledge in the working environment; focusing on how tacit knowledge can be utilised in the workplace

through a knower-centred work programme; the development of administrative capability based on a relational workplace approach; and the realisation of the intellectual asset base of the organisation within an appropriately contextualised knowledge environment.

4.5.1 The tacit knowledge domain: building organisational intelligence

At the outset of the research process, members of the NT from employment levels 8 to 14 were sent an e-mailed questionnaire. Of the thirteen respondents who sent back their e-mailed responses, eleven answered the question that asked them to grade the importance of tacit knowledge[22] as a workplace asset. Seven ticked '*very highly*', three '*highly*' and one '*not very highly*'. The focus of this report is qualitative and therefore percentages are neither interesting nor instructive, but nonetheless, the weighting of the responses is notable in that it shows a population spread over a wide spectrum of the organisation believing that tacit knowledge should play a central role in organisation. Data although limited from the subsequent interviews, provides further insights into how tacit knowledge could become the resourceful fuel of the future that effectively drives organisation. Taking the '*very highly*' responses into consideration, one might extrapolate that engaging with the tacit knowledge domain as a management imperative, could raise the level of organisational intelligence. The tacit domain in the workplace should be equally rated as a key dimension of the information architecture within which the organisation operates.

An indication as to how the NT's tacit knowledge domain is incorporated into the broader workings of the organisation is Tshabalala's assertion that as a recruitment criterion, '*cognitive skills*' are a baseline entry requirement into the NT. This assertion is further corroborated by Grace Ndlovu who defines a key activity at the NT as '*exploration*' and '*constantly thinking how to improve*'. Both Tshabalala's and Ndlovu's responses suggest that the intellectual/mental ability of

[22]Part of the question defined the meaning of tacit knowledge as follows: Tacit knowledge is knowledge that is not readily available, reflecting an individual's unique experience in life

each member is recognised as a key asset to enable functioning in an environment characterised by non-finite activities. The data provides a useful starting point within which to locate how the institution understands its tacit knowledge domain. Building therefore on this theme, Barends feels that possessing cognitive skills means that employees can '*keep up with new ways to do old things*' which is '*just the ethic*' in her workplace. One of the ways that this can be done, Van Zyl would suggest, is by '*sharing reflections*' with colleagues, an activity that might meet resistance if there is a lack of trust, which Van Zyl understands to be a '*core issue*' for the organisation.

Accessing the tacit domain in the NT and utilising its collective tacit knowledge, the data reveals, requires a strong foundation of trust in the workplace, a value that must be inculcated both by leadership and by organisational work processes. Leaders who recognise the value of tacit knowledge will provide, according to du Preez, '*opportunities*' for staff to '*express*' themselves, '*give views and try and help work solutions*'. This form of leadership will accept that discussion and collective action will result in a more effective and dynamic workplace as expressed by Versveld, who says: '*Within my section, we discuss, we shout, we resolve issues and work together*'. The kind of leadership needed to incorporate tacit knowledge into workplace practice is that, which Van Zyl asserts would have a '*higher sensitivity to emotional energy in the organisation*', able to '*optimise and utilise intellectual skills and abilities*'. These are attributes that Van Zyl feels are critical for a workplace to become '*illuminated*', by drawing on the knowledge assets within the organisation. As these assets are identified and drawn upon by means of a '*generic competency and personality profile*' (that according to Van Zyl, is currently being developed in the NT's special project's directorate), individual tacit assets will become an increasing focus. The net result of this should be the evolution of an integrated tacit knowledge domain into the wider organisational sphere as a means of accessing or unlocking the hidden value of the organisational collective.

Data from the interviews further reveals that a tacit knowledge domain can be reinforced and entrenched through the forging of relationships outside of

individual directorates with opportunities being created to encourage and not prevent, cross-functional activities. The data suggests that the current status quo at the NT broadly precludes this, although in certain divisions as stated by Brown, there is an effort to break down silos at chief directorate level through the introduction of team-based work. Likewise, the existence of specialised knowledge at the NT that is, according to Barends, locked away and '*individually located*', exclusive to Treasury specialists' areas of work will form part of an integrated (tacit) knowledge-centred management strategy and become shared knowledge as it flows into the collective intelligence of the organisation. Van Schalkwyk, who comes out of the middle level personnel at the NT, comments that '*free thinkers in the NT are difficult to manage, but valuable*'. Van Schalkwyk here is expressing an implicit understanding of the value of the specialised knowledge base in the organisaton that is linked to the building of knowledge capital in organisation. This understanding is echoed by Koning, a senior manager, when he says: '*I learn all the way (through) contact with others*'.

4.5.2 A knower-centred approach

The knower-centred approach is about how tacit knowledge can be integrated into the workplace for the purpose of building knowledge capital. Data derived from the interviews suggest four main areas of focus: namely, cross functional interaction; the engagement of social capital; active cognitive involvement; and leadership at NT. These areas will be discussed individually.

- Cross-functional interaction is about breaking down silos and neutralising fiefdoms. When this form of interaction is taken up as an organisational modus operandi, its broader range of ideas, colleagues and activities and its tacit knowledge are actively engaged with and absorbed into the wider organisational processes. As Van Schalkwyk comments: '*A lot of what I am able to achieve is because of knowledge gained through participating in other processes*', and Naidoo too provides an insight into how tacit knowledge is shared: '*There is a lot of participation in workshops whenever we need to consult*'. A strong motivation that provides a rationale for cross-functionalism is also

suggested by Naidoo when he comments: '*You have to admit that you don't know everything and work within that*'. Within this framework of understanding, the importance of having the necessary structures in place to support cross functioning so as to share information and knowledge is paramount. Van Rooyen echoes Naidoo's sentiments when she describes her Chief Director as a person who encourages his staff complement to become '*generalists*' and not '*specialists*', reinforcing the notion of horizontal knowledge dissemination, transparency and the integration of tacit knowledge assets in organisation as a key organisational driver.

- The engagement of social capital as an operation to tap the NT's tacit knowledge base is demonstrated by Van Schalkwyk who understands herself to be part of a continuum of knowledge or '*enrichment*' and who sees her role as both a teacher and a vessel through which knowledge is passed as it was received. In practical terms, she explains, this action of social capitalisation is exercised through a process of internship in which she, over time, transferred the '*reasoning*' behind workplace operations to others in the organisation. Diphoko conversely refers to being mentored by her manager[23] and Parks describes the '*nature*' of her work being to '*share knowledge, capacitate and empower*'.

- As much as cognitive skills are a criterion for NT employees, integrating these skills becomes an important activity for developing a knower-centred approach in organisation. Integration at this level is suggested by Van Rooyen, who speaks of being given the space to '*apply*' her mind and Ndlovu, who reports that her Chief Director '*recommended that workers be part of the decision process to advise and help*'. Van Zyl refers to some senior managers who have a '*constructive approach to organisational learning*', interpreted in this context as a means of integrating employee knowledge into organisational development.

[23]According to the emailed responses mentoring programmes are not formally in place.

- Leadership creating the conducive environment for developing a knower-centred approach can be seen through Koning's comment when he speaks of the Director-General and his '*open-door*' policy together with his approach to organisational development, where he encourages his staff to think '*broadly and differently*'. Koning also refers to his divisional head as being '*results*' and not '*production*' oriented, thus not needing to prescribe how work should be executed. Barends speaks of the leadership style employed by her boss – informal interaction, of her way of encouraging informal get-togethers – something that, she says, is her '*style*'. Leadership can also encourage the building of knowledge capital in organisation by instituting, as part of organisational practice, induction for each and every member, a mechanism that helps demystify the workplace, making it accessible and worker friendly. Du Preez says that induction is a practice that has been taken up at the NT. Top level policy that supports open plan office space and innovative new ways to organise the office geography (the NT has a mixture of open plan and landscape[24]) also plays a key role towards creating a conducive knower-centred environment for organisation. As Du Preez comments: '*The change to open plan has had an impact on our working method*', a change that the divisional head in charge of the physical structuring of the new National Treasury in 2000 said could not have happened if the acting Director-General of the time had not given her full support for it. In the divisional director's words: '*It was our proposal, but she had to approve it. If she did not support it, there was (sic) no ways we could have done it.*'

4.5.3 Developing administrative capability (in line with a knower-centred management strategy)

When an organisation shifts its emphasis from prescriptive to accountable forms of working methods and when leadership moves towards a results, and away from a production orientation, the focus of how work is carried out can be left to those managers who have a hands-on relationship with the particular task to be

[24]Landscape is a form of open plan with eye level room dividers separating workstations.

executed. Koning feels that this does happen at the Treasury, particularly in his division where his work programme, he says, is team-oriented with each team headed by a project leader. Accountability over prescription signals a transition in the overall way in which the workplace operates. This can be seen as a step towards creating what Moss Kanter (1990) would call a productive organisational system made up of 'independently functioning lieutenants' (Kantor, 1990:247) triggered by the loosening of control of the vertical hierarchy. Workplace systems embracing accountability over prescription require a level of administrative capability that can no longer rely on the skills of the traditional public administrator. Instead, new criteria come into play that must find congruency with the transitions taking place. Data from the NT interviews gives an indication as to how the institution is currently addressing this area of reform while also highlighting a lack of systematisation that could effectively undermine processes of reform.

Data would suggest that building administrative capability in the new NT is induced by having the right people in the right jobs and keeping them there. Koning says that '*there is a new top management that challenges and keeps people*', and Van Zyl adds that key values underpinning the organisation are '*integrity, hard work and constructive change*'. A new strategy that has been adopted to bolster these values and ensure their sustainability, is for heads of division to be responsible for the appointment of personnel up to the level of director. According to van Schalkwyk, this new workplace policy is an important step for the NT as it gives divisional leadership hands-on control of their personnel. Not only is the time taken to appoint personnel radically reduced,[25] but there is much more of a guarantee to secure the right person for the position. To further support this policy development, Tshabalala refers to a retention strategy that her division is carrying out to '*make sure the environment is supportive to (individual) growth*' .

Data would also suggest that administrative capability is about having in place appropriate technology to act as the information backbone of the institution. In

[25]Previously, all appointments were managed through Corporate Services.

this regard, the NT has emphasised this form of administrative support by appointing a consultant, who Parks says, is currently designing 'a central filing system for the NT' that will become an '*electronic document tracking and filing system*' to '*enhance administration*' at the institution. Douglas suggests that such a system can effectively be used to prise loose the stranglehold of turfdom (and silos) as it will cut through existing and unnecessary '*systems of control*', thereby greatly improving and streamlining administrative and communication processes. According to Douglas, the introduction of the tracking and filing system will be integrated into the previously mentioned shared 'I' network drive and has been sanctioned and driven by the current Director-General.

Systematisation to support the process of developing administrative capability at both these levels is continuing to challenge the NT, however, with data revealing examples: Van Rooyen speaks of a lack of streamlining at the level of recruitment selection where probation reports are not '*interlinked*' with recruitment selection placement information, which slows down and complicates this particular administrative system. Brown is critical of the lack of '*career pathing*' that he feels does not exist, a breakdown in responsibility, he says, of the human resource directorate[26]. Barends feels that '*what is missing is the link between what she gets from the organisation and what she gives back*'. What is interesting to note is that the data here is derived from respondents who are deeply embedded in what Van Zyl would call the '*nitty gritty*' of Treasury life, the mechanics servicing the systems. Such people are highly sensitised to the pitfalls and shortcomings of the administrative process and therefore all the more important to retain.

4.5.4 The contextualised knowledge environment

Building knowledge capital in organisation as part of a wider knowledge-centred management strategy requires working within a supportive framework of situated knowledge (Van der Velden, 2002), which in the case of the research subject

[26]Career pathing is one of the key areas of retention strategy as will be discussed later.

would be the departmental collective knowledge base. It is about redefining the wider workplace, shifting perceptions of organisation as made up of individualised, compartmentalised units of knowledge, vertically directed, to collective knowledge environments, supported and driven by means of networks and horizontal work processes. This redefinition will impact on the culture of the workplace as Diphoko comments: '*culture is influenced by the environment we are working in*' and that, at a micro level will have ramifications for the way in which organisational members relate to one another. Van Zyl articulates this point when he speaks of the importance of creating a '*culture of mutual respect*'. Working in a contextualised knowledge environment supports activities such as mentorship, '*a knowledge-sharing activity to gain information and emotionally mature*' (Parks) and '*team-oriented decision-making*' (Du Plessis) with a preference towards group discussion on the workplace floor as opposed to formal meetings behind closed doors.

The data that shows the NT working within this framework is patchy, yet there is evidence that the institution has begun to shift away from knowledge compartmentalisation and control to a more free-flowing knowledge environment. This shift is not so much reflected in what is being done as what is being said. Diphoko, on the one hand, comments: '*Nothing is difficult, everyone has potential*', and adds '*in our unit we have more creativity, accessibility to information and flexibility*'. On the other, Ndlovu reflects a shift through her personal experience in the workplace: '*Anything in the Treasury is available to us. There is harmony in the environment. We have committed ourselves to helping each other, it is a two-way thing.*' Versveld's experience, however, contradicts Ndlovu when she relates that communication in her division is on a '*need-to- supply basis*', an indication of the existence in her division of a more traditionalist form of managing and manipulating knowledge. Versveld's experience in her directorate is contradicted once more by Van Schalkwyk who refers to there being a continual '*buzz*' in hers, as informal meetings and discussions are continually in progress.

Building knowledge capital is a central criterion for knowledge-centred strategic planning in organisation. This section has attempted to lay out the fundamentals

or the pillars that support the concept and to investigate the extent to which they are being constructed in the NT's working environment.

4.5.5 Initial conclusions

This chapter has traced a path of an alternative knowledge-driven strategic approach for organisation. Findings show that reforming organisation within a knowledge-driven context provides a way of attracting and retaining young professionals, thereby forging a solid base of administrative capability. This is revealed as being an important focus for the NT as it continues to develop its unique hybrid-like organsational character. Data also shows that a traditional bureaucratic internal coalition of type is activating management approaches, namely top down, silo-driven managerial behavour. This behaviour is in evidence despite deliberate organisational structuring featuring divisional equity at the time of the merging process. The structuring has created an organisational dynamic that offers scope for interventions based on a knowledge management approach, incorporating horizontal work and information flows. Such interventions allow for transparency and big picture thinking, a finding that emerges through the data within certain directorates. Working within a knowledge management frame of reference however, is about thinking conceptually, but implicit in the data is the suggestion that this is not widely taken up because managers are more comfortable thinking operationally. Working conceptually is represented on the map by the milestone – building knowledge capital, the relational approach. This milestone is about the importance of tacit knowledge that infuses organisation and is supported by data that shows that by incorporating tacit knowledge into the organisation's informational architecture, the level of organisational intelligence and thereby organisation's collective performance will be enhanced. Trust was revealed to be an important value for tacit knowledge development. It was felt that the value should be inculcated both by leadership and through organisational processes so that its power as an organisational instrument is realised. Findings show that there were particular areas of focus where tacit knowledge could be exploited – cross-functional interaction, mentorship, incorporating cognitive skills of all staff

members in decision-making and leadership-creating conducive environments for deeper exploration of alternative approaches to organisational practice. The chapter has laid out the initial stages of the map that defines an alternative strategic approach to managing organisation as well as discussing the predominant modus operandi that exists at the NT.

The following chapter will continue developing the conceptual map of knowledge management reform by focusing on the redefinition of the internal environment, embracing new norms and values and the emergence of the knowledge organisation.

CHAPTER 5

Towards Building A Knowledge Organisation

'*Senior management is part of the floor and there is team spirit*'

Sibongile Tshabalala, Level 11

5.1 Redefining the internal environment, an introduction

The previous chapter has analysed the nature of the NT's organisational make-up in its fourth year of being as a newly crafted government institution, through the experience of its members. Analysis covered the legacy and the implications of this legacy in the merging process. It has highlighted the organisational shifts and changes that the institution has undertaken in its restructuring. It has highlighted where traditional forms of public service administrative practice intersect with more innovative organisational developments that form the basis of a knowledge management strategy, to meet the considerable challenges presented to it in its position as a role model within present-day government administration.

The following sections of the findings and research results will focus more closely on the outcomes of an applied knowledge-centred management strategy, examining data from the NT interviews that supports, as a starting point, the notion of reorienting as opposed to fundamentally changing, the working environment and, in the second place, providing a case for the increased role of middle management within a reoriented organisational environment. These sections relate to the area of the map that is highlighted and entitled: Redefining the internal environment.

5.1.1 Reorienting the bureaucratic environment

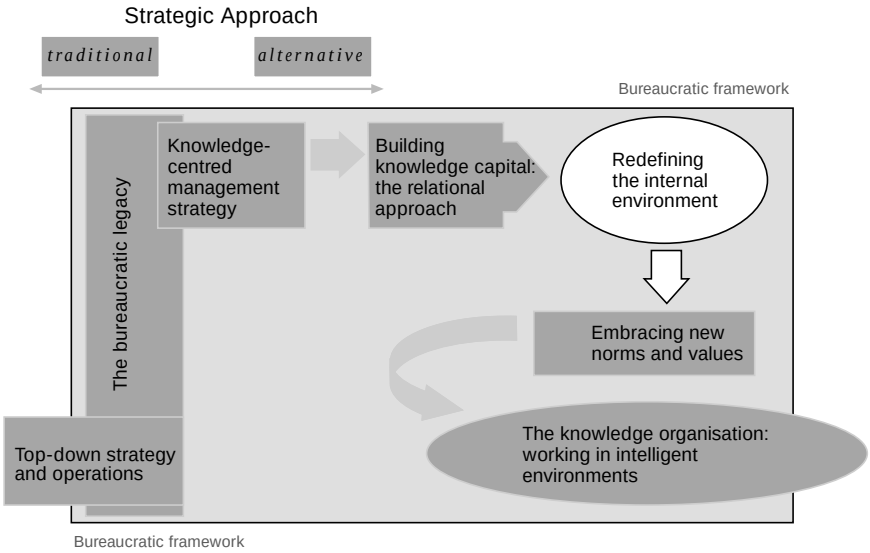

Figure 8

The adherence to certain bureaucratic principles prevalent at the new NT that is revealed through the data, can be partly attributed to forces outside the parameters of the institution governed by PSA rules and regulations, appearing to encourage and perpetuate internal vertical authority structuring. As a result, data analysis has provided evidence of entrenched managerial styles taking the form of a silo mentality, styles that are resistant to change, with loyalties lying within the closed parameters of directorates, chief directorates or in some cases, divisions.

But as the NT is a hybridised government institution – the conflation of two distinct departmental entities, Budget and Expenditure and Finance – it has a unique opportunity to cultivate public service organisational culture and create a workplace environment that should be able to challenge what Van Zyl articulates as the '*limiting factors*' within its domain. The opportunities that present themselves as the two disparate working genres, '*visionaries*' and '*bean counters*' (Finance and Expenditure respectively as referred to by Van Schalkwyk) converge with the '*new blood*' (Barends) are unique. Their convergence, rather than being seen as a negative inference, can instead be exploited to advantage as work-styles and fresh perspectives come together and are interwoven to create workplace

models that support those managers who are '*open to changing dynamics and paradigms*'(Van Zyl) and who are able to '*optimise and utilise intellectual skills and abilities*' (Van Zyl) that will ultimately '*change the limiting factors*' (Van Zyl). This should result in a reorientation of the workplace environment, away from narrow bureaucratic values (that are increasingly inappropriate and unproductive) towards values of egalitarianism, meritocracy and accountability to provide a way forward for the NT to create and sustain a '*broad* (organisational) *perspective*' (Naidoo), which is a key requirement, in line with its mission. Reorientation of the working environment as opposed to changing it, allows the NT to remain clearly positioned within the bounds of the broader bureaucratic framework of government as set out by the Public Service Regulations Act, while seeking an organisational modus operandi based on knowledge-centred strategies that could ultimately have ramifications across the public service.

Evidence of the development of a broader perspective through reorientation is to be found in data that offers an insight into the potential of the NT to capitalise on the melding of the working genres, comments for example such as, '*we explore in Treasury*' (Versveld) and Ndlovu: '*Rules can be deviated in Treasury*' together with Van Rooyen's: '*We have applied our minds think outside the box*' and Douglas: '*The system we have moved to is a more egalitarian meritocracy*'.

A sense of the '*visionary*' (Parks) contribution to workplace outputs, for example, is revealed by many respondents including Douglas, who says that in the workplace,' *network thinking is crucial*' and du Preez who says: '*My boss gives opportunities to express. We do not work in a bureaucratic line*'. Ndlovu's chief director's mantra she says, is: '*see things coming, take two steps instead of one*', and van Rooyen's experience with one of her directors who had been appointed from outside the public sector two years' previously, continues in the same vein:' *He has a different approach to projects instead of waiting for one thing to happen and then another, he starts a lot at once - he is very proactive*'(Du Preez). Finally, Naidoo comments that the PFMA is aimed to break down bureaucratic barriers and as much as there has to be a certain following of the rules, at the NT, 'a *very much more discretionary approach*' is applied.

The ripple down effect of workplace reorientation to the lower levels of organisation is also evident: '*We are working from the principle of abundance of resources*' (Brown); '*we are always encouraged to be creative, to get around rules and to get things done*'(Tshabalala); '*the chief director is rotating us (and) embarking on the idea of generalist, not specialist*' (Van Rooyen). A new geographic layout on the office floor, part of the merging exercise to '*create an innovative environment conducive to creativity and productivity*'[27] lays the groundwork for the reorientation of the bureaucratic environment: '*you can see the flow of organisational arrangements*'(Van Rooyen) and '*open plan encourages people to realise they are here to work and produce*' (Ndlovu); '*senior management is part of the floor and there is team spirit*' (Tshabalala). The strategic transformation of office space as part of the new organisational architecture towards open and transparent interaction falls clearly in line with a broader reorientation process and the redefinition of the environment.

5.1.2 The role of middle management in a reoriented environment

As the internal environment gets redefined, it becomes instructive to examine the roles of organisational members, those that Nonaka and Takeuchi (1995) describe as the knots or the knowledge engineers. These are the people who find themselves at the intersection points of the vertical and the horizontal flows of information at the NT, and who have the potential to be able to exert considerable influence over the organisational dynamic. These organisational members can be loosely referred to as middle managers, although in NT terms, they are the personnel occupying levels 11, 12 and 13 across the divisions and who appear not to refer to themselves as managers, but as assistant directors and directors. Data collected from respondents occupying these levels appear to resonate with Nonaka and Takeuchi's description of knowledge engineers in organisation. Their disposition at the NT puts them in the organisation's engine room, the engineers of knowledge and information flow, conduits of information and facilitators of its production. The data also suggests that they bear the

[27]National Treasury Annual Report: 2002-2003

responsibility of being first-level guardians of institutional intelligence and memory. They could comfortably be described as knowledge nodes and as such, central actors in what Nonaka and Takeuchi would call a middle-top-down management strategy: A strategy that would place the knowledge engineers more centrally on the organisational map, navigators in the redefined territory.

As a means of substantiating this assertion, data from respondents belonging to levels 11,12 and 13 (for the purpose of simplicity they shall be called middle-level employees) at the NT were studied so as to build a profile of this broad area of organisational responsibility regarding the aspects related to knowledge production, strategic interventions and management. What emerged from this exercise was a strong sense of the strategic positioning of middle-level employees within the broader framework of the organisation. Middle-level employees at the NT are the evident links between managers, corporate services and the lower levels and as one of the respondents asserted, they exert an influence over the processes and for this reason they can be seen to act as energy conductors of the organisation. Middle-level employees work from a position in their divisions where they have a three hundred and sixty degree vision of the ebbs and flows, of political posturing and the '*emotional dynamics*'(Van Zyl) of organisational life. From this viewpoint, they are ideally placed to encourage for example, communities of practice in the workplace as well as manage knowledge networks throughout the organisation. This strategic positioning would have a bearing not only on the organisation's structural dynamics, but also on practical initiatives such as streamlining administrative processes.

The restructuring of the two departments into eight divisions meant that a certain amount of rationalisation took place at a very senior level at the NT with a result that Deputy Directors-General no longer have a buffer between themselves and the Director-General which as Van Schalkwyk has commented, creates an environment of rivalry among top management. In such an environment, with Deputy Directors-General at odds with one other, there tends to be reinforced, silo thinking and silo-related activity across the divisions with ripple effects negatively impacting down through the divisions. Middle-level

employees who find themselves at the crossroads of the vertical and horizontal knowledge and information flows, can themselves act as buffers to counteract the fallout of unproductive political posturing up the hierarchy. This they can do by focusing on what they do best – practical initiatives involving working at a lower level to inculcate cross silo thinking and being motivators and change agents, working within an operational framework that focuses on streamlining, supporting and maintaining lines of supply, information and support across the divisions.

Through the synthesised data of the middle-level managers, there emerges a sense of grounded understanding of the organisation in its generic sense and its workings, and a sense too of a broader perspective, one that could serve the current reform initiatives at the NT well in a way that embodies the principles of a knowledge management approach to reform. Their evident central positioning on the vertical and horizontal organisational axes is highlighted through descriptions both of their responsibilities within a particular process and their perceptions about workplace issues. Taking the process of putting the national budget together, as an example, middle-level employees at the NT see themselves both as being a logistical part of the whole budget process while at the same time serving as links between divisions, directorates and Corporate Services (the core service division), and therefore having a good understanding of work processes. From the point of view of middle-level employees, therefore, their central positioning turns them into conduits for lines of support, information and supply because they have access to knowledge and information that others will not necessarily have and their operational brief is (in the budget process for example) is to sustain and maintain these lines both vertically and horizontally within the organisation. As the budget process unfolds, the knowledge, inputs and information (debates, political inputs, oversights) that are required are logistically managed through the middle-level who work in teams together with organisational members from levels above and below.

They can also effectively be the ‘whistle-blowers’ of inefficient practice. Middle-level managers, for example, can energise and mobilise proposals and initiatives

that ordinarily might meet resistance from 'old school' managers and get blocked. And as the NT sheds a rules-based approach and adopts what managers have referred to as a more discretionary approach based on the '*bottom line of the Public Finance Managers Act*' (Naidoo), letting managers manage, middle-level managers are well placed to constantly review organisational policy and drive a dynamic process of change, adaptation and remodelling when and where needed. The middle-up-down approach will substantially influence a raft of managerial practices at the NT, practices that middle-level respondents say become obstacles to progress such as the cascading effect of strategic direction change whenever management changes. Top-down strategic planning, which is currently the modus operandi at the NT, is recognised by middle-level managers as problematic. There appears to be lacking at NT a vision of long-term possibilities for individual contribution in the organisation and data suggests that the top-down planning is party to this. Those in the middle level know well the value of bringing people into the core and from their vantage point, they see the benefits of making sure the working environment is supportive to growth for all organisational members. Top-down strategic planning means that it is difficult to bring in people from the lower levels to take part and provide input and it is not coincidental that illumination (in the sense of strong flows of knowledge) as described by one middle-level employee, is not strong, but patchy at the lower levels. A middle-up-down-type of management approach would provide strategic support for the Director-General who, the data reveals, is an advocate for and understands the value of information sharing and knowledge production and its management, and it would also offer him a way of bringing in organisational members from the lower levels into the broader departmental strategic planning process.

In conclusion, this section of the chapter has attempted to take the conceptual model of organisational restructuring a step further by focusing on the redefinition of the NT's internal environment. It has, in this regard, looked at two particular areas: reorienting the bureaucratic environment and middle management's role in organisation. These areas encompass the key findings within this section, namely, that the NT finds itself as a newly crafted

organisation in a unique position to develop innovative workplace activity supported by the grounded understanding of middle-level managers who can be viewed as knowledge conduits. As such, they are well placed to serve reform initiatives based on a knowledge-defined strategy. Flowing on from this, the next section will discuss the final stage of the knowledge management conceptual map.

5.2 Embracing new norms and values

In line with the findings of the design model that has structured the analysis, this section flows out of key words taken from the data that further reflect dominant themes supporting outcomes of an applied knowledge-centred management strategy in organisation. The themes that emerged in the analysis process fell broadly into two categories and are respectively entitled, *introducing post-bureaucratic thinking into the workplace* and *developing intelligent organisation*. The two sections form part of a linking theme, which on the conceptual map is highlighted on the right (Figure 9) and is entitled: embracing new norms and values.

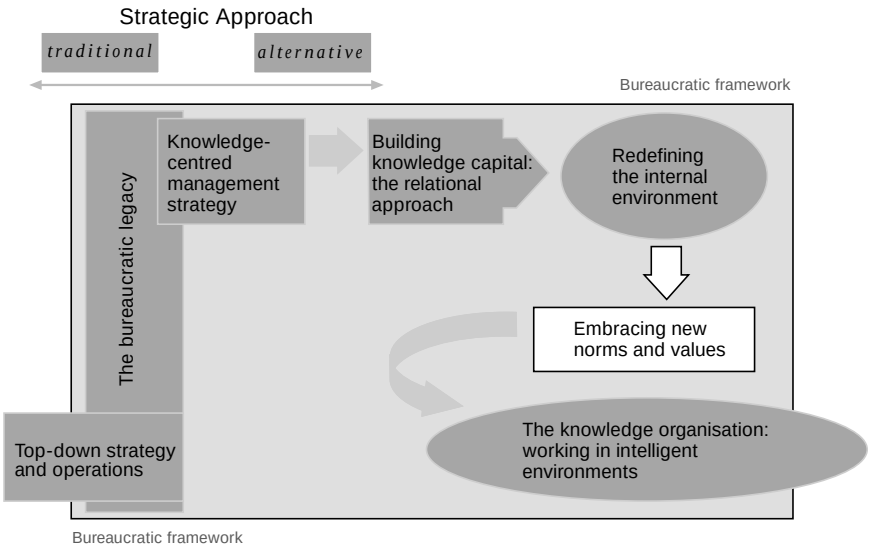

Figure 9

5.2.1 Introducing post-bureaucratic thinking into the workplace

'*Its culture, purpose and design shapes it*' Raymond Naidoo, Level 13

Norms and values appear to be changing at the NT. The lexicon of organisational speak that emerges from the data depicts an administration that is moving away from prescription towards accountability, and away from rigid towards flexible managerial approaches. The data further provides evidence of a broadening of workplace performance from specialised or narrow work programmes towards a multiskilled generalist approach shifting away from procedural methods of production towards project-focused teamwork. Post-bureaucratic thinking is therefore infiltrating into the consciousness and practice in certain divisions and at certain levels of the department, challenging traditional modus operandi. One of the reasons that this is able to happen is that the NT is a policy-making institution (as opposed to a service delivery institution) and therefore in organisational design terms, characterised by a much '*flatter*' (Parks) work environment. This would support Tshabalala's comment that knowledge and cognitive skills are two basic requirements at the NT. As a policy institution that relies on knowledge development and cognitive skills, it has leverage to challenge bureaucratic thinking with innovative internal policy development that through the more flatter structures becomes a shared, consultative activity.

As an economic policy-making institution, it has the added advantage of employing a substantial quota of economic technicians, professionals and experts that the data suggests, infuse certain of its divisions with an atmosphere resembling '*financial institutions*' or '*merchant banks*'(Van Schalkwyk). A further explanation would be the introduction of divisional equity at the establishment phase of the NT that has contributed to the reformulation of its organisational values. As a mechanism for devolving power to senior managers, divisional equity underpins the flatter organisational design by introducing what Du Plessis refers to as a '*flat level of authority*', resulting in an organisation that is '*not a typical government department (being) more open (where) people are harder working*' (Du Plessis). The Director-General, according to the data, is a key motivator in the

arena of changing values in the department. His passion for information sharing, Douglas reports, produced the shared I-drive that allows for information dissemination across divisions to all members of the department with computer terminals at their disposal. The DG has also championed the cause of instituting '*cross-cutting initiatives*' (Barends) through the institutionalisation of divisionally represented forums for productive (specific mandates to produce) and informative (focused on dissemination and sharing) purposes.

Norms and values are thus changing at the NT both because of the nature of the institution and its leadership vision. To get a sense of how these changes may be reflected within the divisions, the section that follows includes data that has been divisionally clustered to identify elements of post bureaucratic thinking in different functional areas across the NT.

5.2.1.1 Division A

Tebogo Diphoko in division A, speaks of the well-instituted electronic access, which, she feels, helps her at one level to organise her '*working relationships*' and '*improves productivity*'. She explains further by means of an example. Within her directorate, there is a system of categorising information using '*subfolder rollovers*' to be able to gain access from the previous year. Having access to this wide portfolio of information, she knows '*how to approach*' the daily challenges of her workplace. Du Preez speaks of the extent of internet access at the NT, access that for her is crucial as it cuts down the time spent preparing documents as she services the country's donor funds. Du Preez describes how Treasury employees have access to electronic newspapers that can be requested and subscribed to individually and echoes Diphoko feelings about how efficient use of technology has changed workplace process '*in a big sense*'. Post-bureaucratic attitudes are seen to be developing in the relaxation of arrival and departure times, with the discarding of the clocking-in routine. Diphoko describes how arrival times are '*negotiated*' with management with workloads often being taken home and laptop computers lent to those who wish to work from home. The '*relaxed environment*' that Diphoko feels characterises her workplace would make it difficult for a

person entering from the outside to know '*who is in charge*'. Although Du Preez feels that '*rules must be there to see the path*', there is in her work environment an atmosphere of informality and individuals in leadership positions that '*look at things in a different perspective*' and who have begun to introduce into the workplace a practice of taking '*calculated risks*', anathema to the bureaucratic mind. Barends refers to her directorate as one that is driven by a sense of organisational vision, rather than by rules, and best practice and is managed by a Chief Director who is '*concerned with the lack of good knowledge flow*' and will be '*focusing on cross-cutting initiatives*' working against traditional fiefdom-type behaviour that stifles or restricts knowledge sharing and dissemination. Barends relates how in her middle-level capacity, her work output is not individually structured, but team-based and within the team she becomes '*an authority*' who brings expertise to the collective output.

5.2.1.2 Division B

Grace Ndlovu from division B, speaks of a workplace principle, which is to listen to '*clients and customers*'[28] so as to align their needs with that of the outputs of the division. She also believes that '*rules can be deviated*' in order to meet the needs of her clients and customers as long as there is no '*loss*' caused to the organisation. A further pointer is that Ndlovu refers to the NT as a '*free area*', a place where she is able to '*have access to what is happening in other sections*' both '*verbally and electronically*'. Ndlovu, who works at a junior administrative level, knows that it is advantageous to have a '*clear picture*', but not necessarily an '*in-depth*' one of the organisational whole. She correlates her needing to have a '*clear picture*' with being '*knowledgeable*'. Ndlovu's directorate also has a flexible working schedule with the manager deciding on knock-off times. Personnel in Ndlovu's directorate are constantly encouraged to '*think outside of the box*', to be actively involved in the recruitment process and ensuing decision-taking on divisional appointments. Previously, personnel at the lower levels in the recruitment and selection process were only involved in a secretarial capacity. Workplace values, Ndlvou says, are

[28]In the case of the NT, the clients and customers referred to are government departments at all tiers of public service administration and international donor and multilateral finance agencies.

about producing '*quality work*', which involves working in an environment of mutual support and trust. '*We are open to each other, we have committed ourselves to helping each other*', Ndlovu says. Van Rooyen comments on the way in which her section functions, echoing Ndlovu's description of having to think '*out of the box*' and adding that there is currently a branding exercise under development for Treasury employees as well as a promotion of the NT as an '*employer of choice*'. To this effect, Van Rooyen is part of a team whose task it is to focus on the contribution that her directorate makes to this departmental project and to draw up a '*customer charter*' that will be incorporated into the project as a whole.

5.2.1.3 Division C

From Henry du Plessis' perspective in division C, the NT is not a '*typical government department*'. His arrival times at work are flexible and his working hours are not structured. He mentions the informality of the workplace saying that on the days he has no appointments he is not required to wear a suit and tie. His depiction of himself as '*an authority*' (as opposed to in authority) is qualified by the explanation that as a senior manager, he cannot '*sit on top and think (he) can do (control) everything*', and therefore relies on what he feels is the NT's particular area of strength, namely, an institution that offers '*space for creative thinking within a framework of responsibility*', favouring devolved processes over prescriptive procedures. In Du Plessis' words: '*It's a process of front, middle, back office (where) everyone plays a role more a flat level of authority than a deep structure of decision-making*', and he qualifies this by explaining that in his division, decision-making is team-oriented. Du Plessis is a veteran member of public service administration, having spent his entire working life in its environs. He compares his discomfiture in the pre-1994 dispensation to his '*fulfilment*' in his present position because of his being allowed to think '*broadly and differently*'. He contrasts too the average age of the pre- and post-1994 senior management level. The average population of the NT, he has noticed has dropped considerably with managers aged, he says, between thirty five and fifty years of age. The younger environment seems to produce a new work ethic exemplarised by Du Plessis when he says:

'*I willingly work ten to twelve hours a day*'. His opinion of what infuses values at NT are the '*common goals*', a '*common vision and mission*' that in his words, '*feeds the animal*'.

5.2.1.4 Division D

June Parks in division D feels that the NT is infused with values of '*teamwork*', '*professionalism*' and '*accountability*'. These, she says, form part of the working ethic of the organisation, informed by the NT's '*very responsible position*' requiring constant transparency and sensitivity in its dealings with all government departments so as to not '*come over as paternalistic*'. Parks describes how these values have been in place from the outset of the restructuring process, a process which she ascertains was entirely '*consultative*'. A variety of informational mechanisms were exploited, she says, to ensure this: Staff get togethers; internal mail systems' (electronic); intranet and addresses by senior management.

Raymond Naidoo, who is part of the same division, speaks of how rules in the division are '*respected*' but overall, '*judgement*' is used in their application, suggesting a flexible, intelligent approach as opposed to blind, unthinking obedience. According to Naidoo, people needing strong structure and direction do not remain in his division because, he says, '*there is no structure*' and individuals need to know '*how to cope with that*'. The NT, he says, is a place where '*you have to admit that you do not know everything and work within that*'.

5.2.1.5 Division E

Ilse van Schalkwyk in division E describes how after a difficult period of restructuring in her division where there was a considerable amount of dissention, an evening of drumming for the division was held to help reconcile and re-establish the peace. Within her immediate functions, Van Schalkwyk says, she is not caught up in prescriptive procedural work, but instead is left to carry

out tasks in whichever way she sees fit. For that reason, she sees her boss as being '*an authority*', a manager who values knowledge as opposed to authority[29] as a core workplace principle. Expanding on Parks' analysis of NT demography earlier in the chapter[30], Van Schalkwyk says that the challenges to traditional modus operandi in the NT are driven by the '*technical*' workers, the specialists and experts who have no '*tolerance of bureaucracy*'. The department, containing a higher ratio of senior managers (many of them economists and related experts) to lower level workers, provides fertile ground for hybrid practices or post-bureaucratic attitudes taking root in the workplace. An example of these processes are the ongoing meetings that Van Schalkwyk refers to as open '*discussions*' that take place on the office floor in place of formalised strategic planning and management meetings. These gatherings Van Schalkwyk calls '*communities of practice*', which she says are '*interesting (vehicles) to develop ideas and understanding*'. This kind of work environment however Van Schalkwyk feels is not for everyone. It is, she says, a working style that suits people who can cope working in an unstructured, creative environment – in a '*buzz*', as her workplace is generally described.

5.2.1.6 Division F

Pieter Koning's division F is laying down norms and standards for a hitherto unknown approach to managing service delivery in government called Supply Chain Management (SCM), which, as he describes it, '*fulfils the principles of the Public Finance Management Act and allows managers to manage*'. SCM has been introduced into public service administration as a replacement to the highly bureaucratic rule-driven and cumbersome tender board system of procurement. In its place, SCM will give managers on descending levels, the leverage to control larger and larger allocations of spending so as to break through the red tape of the historically inefficient, centrally controlled tender process. With power devolving down the line of command, outcomes and results are what become important, and not procedures. In Koning's division, results-based work activity

[29]Smith (1989)
[30]Line function versus service function.

has become the norm and teamwork is the means by which results are sought. SCM, Koning says, is '*an excellent vehicle to create cross-divisional activity*' and break through silo thinking because implicit in its strategy is the rotation of workplace personnel. Implicit in the rotation of workplace personnel is the development of the generalist worker principle and the sidelining of the specialist operator.

Embracing new norms and values with the introduction of post-bureaucratic thinking within a knowledge-centred management strategy can be pared down to some basic keystone concepts identified in the data: lateral thinking, transparent strategies and planning, sensitivity (to levels above and below), recognition (of each other) and a culture of responsibility and trust. These concepts are reflected in the respondents' descriptions of the transitions in organisational processes that are taking place around them. But as much as these changes are taking place, they appear to be the result of individual personality and leadership styles and the aggregation of technical experts or professionals within divisions. The question is, therefore, how to harness these isolated reformist practices and integrate them into a comprehensive strategic plan that recognises and champions the embrace of new norms and values at the NT? The following section analyses how the NT is attempting to grapple with this challenge, which, within the conceptual framework of the knowledge-driven organisation, would be defined as developing the intelligent organisation.

5.2.2 Developing the intelligent organisation

The shaping and structuring of intelligent organisation as discussed in the literature review[31], require shifts in organisational processes, design and strategy to enable organisational members to learn, understand and deal with challenging and increasingly complicated situations arising in their work environments. To prepare for these challenges, the intelligent organisation will work on the principle of long-term gains over short-term wins. It will concentrate on

[31]Refer page 29

continuous learning and development as a collective imperative, and it will exist in the form of a dynamic synthesis of cross- functional interaction that optimises tacit and explicit knowledge assets in the organisation. Setting a course for this largely unexplored organisational state, requires vision, some courage and above all, commitment to the course set on the part of NT leadership.

The following data offers three examples that describe how the NT is embarking on this journey.

'*The message is*: (*Self) development is crucial for survival*' (Van Schalkwyk).
Self advancement is in the process of becoming the norm for all members of NT. The institutionalisation of the Personal Development Plan (PDP) that was previously exclusive to senior management has been extended to all NT members. Initialised in early 2004, Douglas explains that PDP's have been integrated into performance assessments across the department. During the course of one year, 20 percent of a member's performance assessment (10 percent at SMS level) will be devoted to self-advancement with each member of the NT stating upfront, self-development goals for the year ahead. Success or failure to meet the set goals will influence the member's performance rating. Prior to this human resource policy change, self-advancement was at the '*personal discretion*' (Barends) of the individual, supported by an in-house Education and Training Development Unit (ETD). The ETD was an inititative of the NT restructuring, post-2001. By incorporating it into the performance evaluation framework, the organisation is recognising the critical need not only for an informed and educated membership, but one that is continually recharging its capacity. This human resource development policy change represents, at a macro level, a clear transition of the organisation's normative thinking, a stepping stone on the evolutionary path of developing intelligent organisation. However, Barend's reflections of the new self-advancement system gives rise to a suggestion that within this normative thinking, a second dimension must be added: '*My formal development has nothing to do with NT strategy. I would think that if an organisation develops a plan, it should contribute to that individual's part of the (organisational) output. What is missing is the link between what I get from the*

organisation and what I give back'. The ability to strategically plan and tailor personal development according to workplace needs is currently undermined by the PSA employment policy that links years of service strictly to study programmes (Barends). As such, the PDP, its long term goals being to build into organisational development a reiterative strategy of skills and cognitive development, cannot be currently realised within the constraints of the present performance management system for public servants.

'*An environment that forces you to learn*' (Raymond Naidoo)

The NT, the data suggests, perceives itself as a learning organisation, one which advocates a sink or swim approach for its employees. '*You (have to) think broader than traditional training because of the nature of the business.*' (Tshabalala) '*The environment is competitive*' (Barends). As a learning tool, the NT intranet, according to Versveld, '*is great*' serving not only as an important workplace resource (accessing policies and performance evaluation tools), but as a '*crossroads of information*'. As a structure that is more top heavy and flat, incorporating a school of professionals, experts and senior managers, the onus appears to lie on the individual to motivate and be noticed: '*A good performer is easily identified and encouraged – on the other hand you can easily disappear into the woodwork*' (Parks). Although at a broad level, the institution is committed to developing a climate conducive to continuous learning, it is evident that this does not extend uniformly across the department. There is, the data suggests, a greater or lesser conceptual understanding of the beneficial outcomes of organisational learning at micro and meso levels with some progressive directorates clearly working within a learning framework incorporating consultation and feedback, openness and transparency and others, not. Versveld's experience is completely different to Diphoko's. Versveld's CD has '*not approved*' that she goes on any courses and she feels her personal growth is in stasis and not at all included in the macro processes that are taking place. Diphoko, on the contrary, is working in a directorate that has engaged the learning principle where the managers work together with their personnel to align respective learning expectations. These examples demonstrate the necessity of synthesised, cross- divisional, whole of

department strategic learning interventions that cut through the autocratic type behaviour of managers with little vision of the collective whole.

'*Brown bag lunches engenders understanding, helps people think differently*'

(Van Schalkwyk)

The NT instituted the 'brown bag lunch' as a means of carrying out as consultative and transparent a process as possible[32] where members of the merged departments could meet and share information about the restructuring project over the lunch hour. From 2000, at the start of restructuring, brown bag lunches were a regular event, effective as a way of dispelling anxieties and keeping all personnel updated and informed[33]. Once the major restructuring exercise was over, brown bag lunches, according to respondents, have not been regularly held, but they are nonetheless still on the organisation's calendar with the Minister of Finance irregularly involved and from time to time, other government institutions who come to the NT to be briefed on a particular issue pertaining to financial spending[34]. Respondent Van Schalkwyk is of the opinion that the brown bag lunch has considerable value for building intelligence and understanding around issues and is an effective communication mechanism in organisation on a sustained basis. It gets people to '*think differently*'. She feels that these opportunities provide an informal environment where individuals are free to express themselves and listen to one another across divisions and across levels. Her sense is that the brown bag lunch concept, if incorporated into the fabric of organisational life, could become an important networking mechanism to emphasise the key role that community plays in organisation. With the Public Service Regulatory and Statutory Frameworks incorporating performance management as an efficiency motivator, Van Schalkwyk is of the opinion that a practical method of institutionalising brown bag lunches would be to include them as a performance provision and part of the performance management contract. Van Schalkwyk also speaks of the need for organisations to identify dedicated brown bag facilitators who have an understanding of and commitment

[32]Interview with Deputy Director Genral, Corporate Services
[33]Interview with Deputy Director General, Corporate Services
[34]Ilse van Schalkwyk refers to a period when provincial treasuries gathered over brown bag lunches with NT counterparts to learn about and discuss municipal borrowing.

to the concept, and a keen sense of how to draw the interest of participants to these forums. Incorporating the activity into the performance agreement would, in effect, mean that leadership would be seen to be underwriting the initiative and therefore ensuring its status and sustainability. The integration and perpetuation of brown bag lunches into the organisational fabric, (included in its policy) would prepare the way for organisational communities of practice to emerge. As a consequence, reflexive peer learning would become a characteristic of the NT, a core value for building knowledge capital and intelligent organisation.

By means of these three examples, the concept of building intelligent organisation in the public sector context begins to be defined. Intelligent organisation is clearly not about filling up office space with intellectuals and experts and investing heavily in technology. As the examples show, it is more about bringing the intelligence of every member into supporting the purpose and goals of the organisation[35]. This it should do by integrating into the NT, mechanisms both practical and motivating, that can help it meet the progressively complex demands and challenges made on it by the external environment. It is also about developing inclusive knowledge-driven strategies, keystones that encourage and promote innovation, creativity, connectivity and flexibility, strategies that are able to translate vision into action. The intelligent organisation cannot develop in top-down, cascading-type work environments where organisational policy is decided at the highest level and carried down to the lower levels for implementation. Neither will it find form in a working environment that is not constantly challenging every member to actively and equally contribute towards sustaining its integrated organisational vision. Building intelligent organisation is about embracing norms and values that may well be seen to be in counterposition to existing norms and values of bureaucratic public service administration.

[35]Myers (2000)

5.3 Key findings

Analysis of the data procured from both the e-mailed and the face-to-face interviews at the NT show that since its inception in 2001, pockets of knowledge-driven strategic thinking and practice exist in the organisation. In structuring the chapter, dominant themes underpinning knowledge management as an approach to organisational reform from the literature review and sub-themes of knowledge-centred activity derived from the data, have been taken up to develop a conceptual framework to define a proposed approach to reform for the NT. The framework was set out in the form of a map to clarify the purpose of, and give direction to the chapter. At the outset, the chapter presented data providing an overview of the challenges that knowledge workers face as they bring in strategies to build better and more efficient organisation. It recognised the strong hold that bureaucratic procedure and practice has on the organisation and it spoke too of the resistance to organisational reform that is experienced at more senior levels of the department. The legacy of those who formerly belonged to the departments of budget and expenditure, and finance, has resulted in certain structural rigidities such as silo thinking, ceilings and jealously guarded operational space. This has meant that there is strong support for top-own strategy and operations running north to south both at a divisional and at a macro level with a few exceptions. The experiences of the exceptions (driven predominantly by the '*visionaries*'[36] and new blood) helped develop an alternative strategic direction. They emerge as islands of innovative practice within divisions, to a great extent disconnected, but they are nonetheless acting as a seedbed for new organisational development at the NT and new approaches to management in the workplace. Teamwork is a theme that emerges and openness and transparency in, and induction into the workplace environment is being promoted at the institution as a preferred workplace activity. As such, a conceptual framework for knowledge management, including the building of knowledge capital (the development of a generic competency and personality profile as an example), innovatively engaging with and developing tacit knowledge as well as recognising its value as a workplace asset, is evident. Within

[36]See page 57

the alternative experiences, there is evidence of a tilt towards contextualised knowledge as opposed to compartmentalised knowledge environments, where network thinking and horizontal processes support and reproduce non-silo type behaviour, ceiling-less environments and where compliance to change, rather than resistance, is encouraged.

Turning to outcomes of knowledge management implementation and adoption, the focus was on reorientation as opposed to outright challenging of the macro bureaucratic framework that shapes the public sector. Drawing on the so called visionaries of the organisation and the new blood that are infusing its layers and bringing in fresh, progressive ideas for organisational improvement - giving people the opportunity to explore possibilities, express themselves openly around workplace issues, develop skills outside their immediate workplace - contribute to this reorientation. There is evidence provided by the data that this is beginning to happen at the NT. And in the area of reorientation, the role of middle-level employees, the coal face knowledge workers of the NT would be a key area to investigate further. Data provided by the middle-level employees tends to support organisational theorists in this regard.

As a lynchpin organisation in the public service, the pressure and the focus is on the NT to achieve and deliver. Working to improve organisational practice at the micro and meso levels, within the bounds of the macro bureaucratic frame, there is room to introduce and inculcate post-bureaucratic thinking into the working environment and data suggests how this is happening (albeit in a non-structured and haphazard fashion) across the NT. The institution's ability to progress towards post-bureaucratic practice can be explained by its distinguishing professional/technical profile that facilitates more discretionary and creative approaches in the workplace. With this in mind, there is much room to argue that the NT makes a useful case study and an instrument with which to develop and structure the prototypical public service intelligent organisation of the future, one whose management strategy is predominantly knowledge-driven.

The conceptual map has been developed through the analysis process as a vehicle to critically examine a public service organisation and lay out a

direction for reform based on a particularly relevant thesis for our times. The question at this stage that must be asked is, so where does this all lead? What does this mean for public service managers and organisational development practitioners? The following section will attempt to draw together the concepts that have been discussed into a final milestone on the conceptual map. The milestone can be seen to represent a metaphorical capstone that concludes the process, namely, the rise of the knowledge organisation.

5.4 The knowledge organisation, working in intelligent environments

"Creating, integrating and invigorating intellectual resources to achieve superior levels of performance" (Chun Wei Choo)

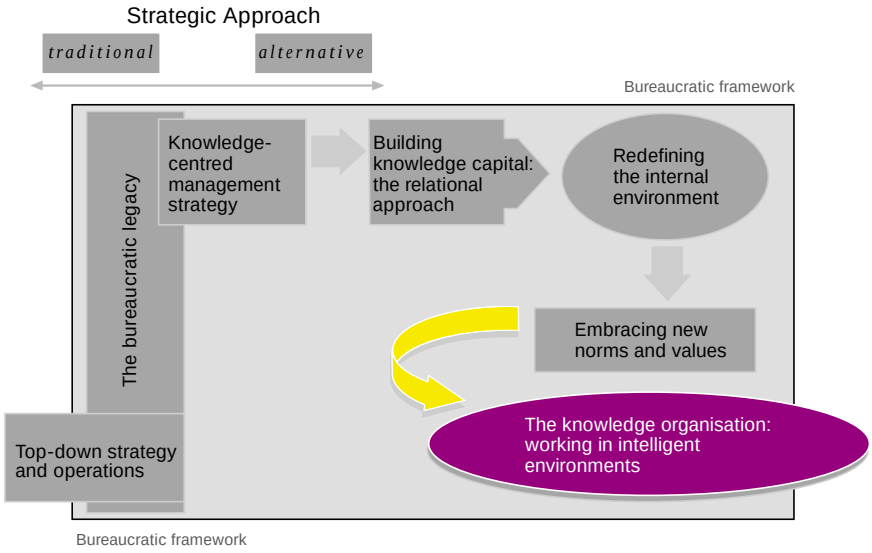

Figure 10

The final point on the conceptual map that has guided this chapter can be understood as a desired destination for public service administration. It embodies the synthesis of all the themes presented as they get taken up into organisational strategy and practice –prioritising knowledge-centred management strategic planning, building knowledge capital and developing relational approaches in the workplace, redefining internal environments to make way for the inevitable

internal shifts that will arise and actively embracing new norms and values that are congruous with the demands of the informational age.

Applying a disciplined knowledge management approach to reform with a view to building up and institutionalising skilled, intelligent environments in the form of knowledge organisations across PSA, has been ascertained in chapter two as an essential step for government. Over time, government will need to rely more and more on electronic reproduction as a primary route for service delivery and administrative business and it has to prepare its back and front offices for this eventuality.

This report has thus proposed a way forward. By developing a conceptual approach, it demonstrates how PSA, moving towards a post-bureaucratic mode of operation can make it possible for knowledge organisations and intelligent environments to establish themselves in the administrative collective. As discussed in chapter three, the need to eradicate knowledge poverty as a public institutional norm and inculcate a knowledge- driven and information-rich working culture is a top priority for the public service. The report would argue that if developing such a culture was given priority, it would assist in advancing organisational reform so as to improve and accelerate programme implementation at all levels of the public service.

The fact that the stirrings of reform initiatives utilising knowledge-driven criteria are evident in the public service, gives substance to the assertions put forward through chapters four and five. Research identified the NT's motivation to include specific knowledge-based initiatives as the result of its need to maintain its flagship position in the public service and its wish to attract the best possible human resources and retain their services. The findings also suggest that its hybrid-like character, the result of a marriage between two quite different departments has given it the impetus to reorient its organisational structuring and direction together with a desire to act as a role model for government. Research, however, produced evidence of a bureaucratic internal coalition supported by a considerable amount of silo thinking and silo behaviour,

unsurprising in the public service. The fact that the organisational designers of the new NT rebuilt the department from scratch and concentrated on divisional equity as a founding principle, has allowed departmental senior managers to introduce, albeit in isolation, a new dynamic and fresh ideas into their respective work environments. As a result, seeds have been sown through individual (as opposed to departmental) knowledge-based management initiatives and these are having the effect of shifting attitudes (silo-related) and behaviour patterns. Key targets for these shifts, it was found, will be the neutralisation of fiefdoms, the engagement of social capital through the tapping of the collective tacit knowledge base that forms the foundation of organisation, the encouragement of the development of cognitive skills and the gaining of the support of leadership to create conducive environments for innovative and creative management within a knowledge-centred framework of thinking.

The destination as represented on the conceptual map and that which has been discussed in this section therefore become the capstone of the reform process, not an existing state, but a desired state, a state that understandably is not immediately achievable. The challenge to public managers is to develop localised (as opposed to global) knowledge driven organisational strategies that help orient their public service organisations towards achieving a working environment that embodies the principles laid out in these chapters.

CHAPTER 6
Conclusions And Recommendations

The National Treasury can be a roll out and benchmark, we sit in a very responsible position' Pieter Koning, Level 14

6.1 Conclusions

The NT has been variously described through the findings as the department, as a seedbed of ideas that are grown and cultivated for dissemination across government and as a forerunner for decisions that shape the nation. It would seem plausible from an organisational perspective that the keystone norms and values that the research has shown are in the process of being shaped (albeit currrently in an ad hoc fashion) at the NT may well be the precursor of new directions for public service administration overall. What these new directions that the NT (notably an out-of-the-box institution of four years' standing) has been taking, can have some important ripple effects across PSA over time. Research findings reveal that the members of the National Treasury are aware that they carry a responsibility in this regard.

The omnipresence of the bureaucratic framework that structures public service administration of which NT is a part is revealed as the biggest challenge to the introduction of knowledge-centred management strategies as a reformist mechanism for public administration. The bias towards command, control and compliance to rules, tends to reinforce organisational culture, locking it into the way-things-have-always-been-done type of practices. Finding the elusive key that can unlock traditional practices and open doors on to others, the findings reveal, is the sum and substance of reform in PSA today. The findings would suggest that organisational reform within PSA based on knowledge management principles could provide a means to change behaviour and attitudes. The findings showed that bureaucratic frameworks are supported by bureaucratic attitudes. Knowledge management approaches, if supported by the systems of authority in place, can and will target these attitudes by adapting rather than changing cultural norms.

The report has shown that divisional leadership becomes the frontline in the public service to confront this challenge. Focusing on own divisions, divisional heads should motivate and break down barriers that resist change. At the same time, they need to examine their own agendas and understanding of the knowledge-driven organisation, which means that they too learn to be knowledge-focused managers. As the public service orients itself towards people-centred processes (focusing on growing cerebral skills) and away from technocratic and authoritative procedures (focusing on manual, reiterative work), the buy-in of political leadership as the underwriters of the change initiative also becomes imperative.

6.2 Implications of knowledge management reform for public service administration

The research report set out to examine and explore the discipline of KM as a reform mechanism for public service administration. At this point, it might be instructive to lay out the implications this form of approach might have for al tiers of the government community. The following points have been chosen as perhaps the most immediate and tangible, and are not in any way intended to be conclusive. They do, however, offer a window through which public managers can view and appreciate a reformist approach that is built around a knowledge-driven agenda.

Introducing broad-based KM strategic thinking into public administration supports downstreaming authority structuring with a focus on reorienting, as opposed to replacing bureaucracy. In so doing, it will find a resonance with the likes of practitioners such as Monteiro (2002), Leftwich, De Soto and Stiglitz (Monteiro, 2002) who believe that better state is more desirable than less state as prescribed by New Public Mangement theory. As an evolutionary as opposed to a revolutionary process, it holds promise for Monteiro's vision of coming up with a uniquely African solution to the continent's public administrative challenges.

Knowledge management approaches imply breaking the bonds of hierarchy and creating environments across government that support knowledge sharing as

opposed to knowledge controlling, lateral and horizontal thinking and practice. It encourages the conceptual thinkers in organisation to throw off their dust covers and take an active part in reforming and changing their working environments.

Knowledge management as a reform mechanism forces managers and leadership to move their organisations out of delineated areas of (knowledge) control and cross over the conceptual threshold into a world that recognises knowledge as the means of production, the primary organiser, and organisation (and all that that implies) as simply its tool or instrument to be shaped as and how it might be appropriate.

As a primary organising factor for organisation with a knowledge-driven agenda, working environments acoss government will reorientate themselves towards learning, transparency and reflexive support structuring, a modus operandi that is in direct contrast to traditionally narrow, boundered workplace activity.

Knowledge management approaches appropriately and strategically implemented in government become a critical way in which to prepare for e-readiness. This is a critical area of transformation that involves much more than technological wizardry. The appropriate implementation of KM strategies focusing on the human factor will help inculcate paradigm shifts, particularly on the part of senior managers in government whose role it will be to prepare enabling back office environments for successful roll-out of e-government. Senior management's central commitment in this regard will be to develop organisational vision and not rules and procedures.

A new greenfield area in PSA that emerges through KM strategic thinking is the introduction of the knowledge leader and knowledge leadership. The knowledge leader, a true pioneer of the knowledge era public sector organisation, will occupy a cross functional, laterally focused position in departments at all tiers, with a singular brief to conceive and implement effective and appropriate KM strategy to suit their particular work environments. The difference between a knowledge leader and an information technology official will be that the former will lead the

overall strategy for departments and divisions guided by an intuitive and grounded understanding that will encompass both conceptual and operational approaches, with a stronger bias towards the conceptual. These leaders will identify stakeholders within their working environments and create a team that will be dedicated to developing and implementing KM programmes with the full support of departmental leadership.

Knowledge leaders will bring out and prioritise the areas that have been discussed in this report: Retention strategies and skills awareness that offer employees long-term vision in government; a focus on constructive management as opposed to power-centred approaches in order to encourage maximum innovation in styles of managing; encouraging and overseeing cross-functional team and project work that loosens control of the vertical hierarchy; unlocking the value of the explicit asset base of organisation so as to remove all obstacles to informational accessibility for all who work in the organisation; laying strong foundations of trust as a core workplace value, actively supported by leadership; driving the principle of accountability before prescription and incorporating cross organisational mentorship programmes into the daily programmes of senior and middle managers; and reconfiguring office space more suitable to the knowledge-centred workplace.

With the discipline of KM in organisation being an evolutionary process, knowledge leaders will over time, begin to reorientate their places of work, shift and reshape norms and values. They will increase the level of and focus on knowledge capital through the introduction of a relational culture into their organisations and, as a result, begin to create dynamic and intelligent working environments that ultimately over time will represent the functioning knowledge organisations in public service administration.

6.3 Recommendations

To define how a knowledge management can work within a reform agenda for the public service, the research proposes a navigation to conceptualise and

ultimately activate a process. There are six areas that provide a route for the navigator:

- Re-evaluating the role of middle-level employees in the knowledge-centred environment;
- extending cross-functional activity and adapting performance evaluation;
- transferring knowledge assets in organisation;
- neutralising traditional divides;
- recognising organisational members as knowledge assets; and
- recruiting knowledge officers in the public service.

These areas have been highlighted in the report as recommendations to help develop knowledge management strategies in public service administration and are summarised below.

- Re-evaluating the role of middle-level employees in the knowledge-centred environment

  The structurally strategic position of middle-level employees in the NT gives them a broad and comprehensive perspective of the organisation's processes and, as such, they are capable of identifying needs and are well placed to drive reform initiatives on the ground. One of the core elements in the knowledge-driven organisation will be its information architecture, the construction of which is a requirement for the consolidation of institutional memory. The management of institutional memory is supported by an information architecture becomes a central factor to the knowledge-driven organisation in that it provides an explicit knowledge resource available to all levels of the organisation for the purposes of improved decision-making and better delivery systems. Middle-level employees strategically placed in vertical and horizontal authority structures, should play an active and supervisory role in this area. Key to their successful outcomes will be leadership (the DG and the divisional heads) publicly recognising the function of the middle layers as the caretakers of institutional memory and offering them the appropriate status and support. The role of middle management as the pivots or knots (Nonaka and Takeuchi, 1995) of the organisation should be formalised and included as part of public

administration's corporate approach or culture. This will help colour or determine a blueprint for organisational design that views middle managers as the active knowledge workers (Nonaka and Takeuchi, 1995), centrally positioned in the organisation to facilitate knowledge-driven strategies across divisions as well as through levels.

- Extending cross-functional activity: developing working models
  In the private sector, organisational knowledge creation, a pillar of knowledge management is a derivative of new product development where such products are forged by a team of experts and knowledge intrapreneurs[37]. The benefit gained through the process is channelled into the organisation to become part of its knowledge bank and institutional memory (Nonaka and Takeuchi, 1995). In the public sector, organisational knowledge creation likewise is a derivative of new programme development, which in theory is driven by 'iterative, dynamic and continuous processes of trial and error' (Nonaka and Takeuchi, 1995:232) and whose resultant knowledge creation is taken up into the organisation and stored in its institutional memory.

  At the NT, the annual drawing up of the budget is a work programme that falls within the ambit of Nonaka and Takeuchi's thesis of knowledge creation. The annual budget is a programme that has, through successive years, been built up and developed to streamline the process of determining an equitable apportionment of the nation's purse across government and to achieve this as efficiently as possible through the NT's internal organisational processes. As such, it is a programme that deserves to be closely scrutinised as a working, cross-functional co-operative, knowledge-defined activity. An analysis of the process could serve as a model for PSA delivery processes, with documented, explicit knowledge about the programme drawn upon by other departments and reshaped according to particular departmental needs and requirements. A working model based on the budget programme of work could serve therefore as current best practice, or a working toolkit for organisational reform. Not

[37]Intrapreneurs according to Nonaka and Takeuchi (1995) are members of an organisation that are the project leaders of its knowledge creation process.

only is the NT able to lead by example, but the leverage that NT has in PSA places it in a position to be able to exert some influence not only in the area of reform and improved government spending, but in the area of reform and improved organisational structuring and practice. As Henry du Plessis puts it: *It boils down to an unwritten rule – if you are getting paid – listen to those who pay*'.

- Re-evaluating performance within a knowledge development framework
  Interviews at the lower levels of NT brought to light the importance of the points system linked to outputs and how they seem to control and determine performance in the workplace. This suggests that public servants will perform outside the normal range of employment requirements if they can earn points doing so. The points system, which is part of the performance evaluation system, can be identified as a central player in shifting energies and creating incentivised working environments. As much as this provides a strong clue as to how to get people to do things differently, it is esentially deeply bureaucratic and, it can be argued, is located in the bureaucratic consciousness of organisation, part of its bureaucratic furniture. It is at base a system geared to the individual, based on self-development and self-monitoring and not group development and group monitoring. In its present form, it is unlikely to inspire group 'intelligence' as a cultural norm in organisation. However, as PSA bases its performance management on a points evaluation system, the challenge will be to adapt it in order to enhance and promote a knowledge-centred management strategy in the department.

  It is recommended that different performance evaluation criteria that would reward the knowledge intrapreneurs (Nonaka *et al*,1995), those entrusted with establishing that new knowledge creating projects or knowledge-driven work programmes are set in place. Intrapreneurs could well be the aforementioned middle-level personnel who work at the intersection points of vertical and horizontal organisational flows as well as organisational members from all levels who show commitment and willingness to work innovatively within new knowledge-creating projects. The criteria would be different in that they would reward what Nonaka and Takeuchi call 'meaningful failures'

(1995:230) as much as positive achievements. The notion of rewarding failure in this context recognises that knowledge-creating pioneers, work in untested and untried organisational territory. Introducing different criteria into the performance evaluation process, would set in motion a decisive change to the status quo within the perameters of the macro bureaucratic performance management framework.

- Neutralising and dissolving traditional divides
  The focus here is on neutralising and rendering impotent those operators who capitalise for individual gain on the bureaucratic condition. Neutralising would include tearing down barriers that distinguish individuals according to operational criteria, dimming the spotlight on operators and operational issues. It is recommended that the spotlight should be directed towards the conceptual thinkers in the organisation, those who are able to formulate and communicate a conceptually different view of organisation based on criteria such as emotional maturity and capacity, resilience and good self-knowledge, criteria that optimise and utilise intellectual skills and abilities in the re-evaluation of relationships within PSA. As the cultural norms change with the incorporation of new approaches to relationship structuring, the limitations and obstacles thrown up by bureaucratically inspired divides get relegated to the broom cupboard.

- Recognising organisational members as knowledge assets
  An important part of building a knowlege-centred and focused workplace community in organisation is to pay attention to retention and career planning. Individuals who leave their departments, chasing after higher salary packages, leave with valuable information that, unless the organisation has in place a well constituted knowledge-capturing system, will leave a gaping hole in the situated knowledge environment of PSA. The lack of attention that government generally pays to this core issue results in what was described as '*job hopping for financial reward*', which creates '*counter productive systems* ' setting retention strategies on the back foot, unable to achieve desired outcomes.

Financial reward is one of the best incentives to retain staff, but nonetheless, the ability to be able to conceptualise a long-term vision for personnel in the organisation can become an equally strong incentive. Long-term visioning involves the skills of a sentient senior management, cognisant of the importance of retaining staff and involved in developing programmes to do so. Dedicated retention programmes in effect represent the backbone of a knowledge management strategy. These programmes will have to be creatively and locally devised outside of centralised control meaning, independently of public service regulations. Innovations such as flexible workplace practices (entry and departure times); actively promoting women into senior management positions and benefits such as interest rate discounts with banks and beneficial agreements with car dealerships are ways in which to approach this problem[38].

The personal development plan (PDP) that has recently been introduced at the NT is an innovative way to motivate for staff retention. The plan incorporates self-development into the performance evaluation system with the cost of development paid for by the department. As a strategic intervention at face value, it has merit, but examined from a knowledge management perspective, it is an intervention that remains part of the bureaucratic furniture of the PSA and is in danger of backfiring and working against what it is trying to achieve. It is recommended that this intervention should have a stronger focus on drawing up individual plans for staff to develop skills through specific training to meet particular requirements for their workplace. Self-development (development of the individual) must become aligned to development strategy. Focus should be on the link between what is derived from the organisation and what is given back by the learner. The symbiotic relationship of give and take that is part of self development and organisational growth is thus a key factor for retention.

Transferring knowledge assets in organisation

Tacit knowledge should be recognised as a key organisational asset in PSA and its management a priority activity in PSA. Specific attention should be paid to its

[38]Data has shown that this is happening at the NT in certain divisions.

efffective transfer across the organisation for the purposes of building knowledge capital. This would require the adoption of an effective mentoring system that would work through all levels so as to ensure the transfer of skills across the organisation. In government, mentoring as an officially sanctioned activity, in line with public service regulations currently only works at senior management service (SMS) level. Although certain natural mentors exist at other levels, the lack of an officially sanctioned and active mentoring programme is unfortunate. The problems of personnel retention, the knowledge drain, silo structuring and resistance to change can be effectively dealt with through a well-managed and politically sanctioned mentoring programme.

Recruiting knowledge officers in organisation

Knowledge officers or knowledge leaders will become an important asset in public service as it incrementally adopts and implements knowledge-driven strategies into its development planning. The task of the knowledge officer will be to investigate and determine individual, appropriately structured knowledge-centred management strategies that are located within the broader bureaucratic framework structuring the public service. These initiatives, it would be envisaged, would be locally and independently driven to support individually crafted departmental work programmes and organisational processes in government. The commitment for this initiative by public service leadership would be paramount for knowledge officers to set in place a substantive agenda for reform of organisational practice.

6.4 Recommendations for further research

The discipline of a knowledge management approach to reform in the public sector is one that merits further research and investigation. What has been clarified through this research process is that there can be no single knowledge management approach that can replace bureaucracy in the public service. Light was shed on public service personnel constantly having to adapt their work processes to keep up with the demands of an inconsistent external environment within the rules set down by government policy. But as Henry du Plessis asserts:

'*There is space for creative thinking with a framework of responsibility*'. There is a need for research to be carried out that supports and furthers the development of knowledge-centred reform strategies for the public sector both at micro and meso levels of government. Researchers should study processes from within, to help develop enabling strategies to cope with the fluid nature of workplace activity. In time, and as initiatives are documented across PSA, a body of knowledge representing the product of internal research programmes will begin to accrue for the benefit of knowledge managers across government and for the greater benefit of the public sector in the future.