

'Knowledge Economy' – Just What Does It Mean?

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What images first come to your mind when you hear these phrases

- 'information society,'
- 'knowledge economy'
- 'new economy' ?

Chances are, your first thoughts are about technology – computers, chips, modems, e-mail, e-business, the Web and the band width to access it. The equation is simple – a 'knowledge economy' is a high tech economy. The more high technology one uses, the more one is a part of the emerging knowledge economy.

This way of thinking is now common. Business pages/programs are full of headlines and easy talk about 'new economy firms' (Nortel, Intel, Microsoft and the dot coms) and 'old economy firms' (Shell, CPR, GM, Agrium and most manufacturers). Whole sectors are breezily assigned to the future or the past. So... electronics, software, web-based enterprise are said to be new; while education, public service, agriculture, petroleum and steel are said to be old economy.

The implication is clear. Old is yesterday; new is tomorrow. Get out of the old and into the new. Transform your business into a web-based business or die!

Believing this logic, far too many folks now fear the future and are worried about their business and the future of their town and even their country.

Are you worried about your future and that of your business?

As the old joke goes, I have good news and bad news.

First, the bad news.

We are in the midst of a profound, society-wide transformation. The old order is dying. We do have to change. In the words of the Premier's Commission of Future Health Care for Albertans, "It is no longer good enough for Albertans to learn to do better those things which Albertans already do well." All my work and research points to this conclusion. What is more, this conclusion now applies to every person, people, community and company on the planet – none are already aligned with the unique conditions and requirements of the 21st Century.

But there is much good news.

First, the common way of thinking about the old and the new economies is, itself, unreliable - it is still trapped within Industrial ways of thinking. Don't trust it!

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Industrial societies divide the economy into four sections. As with print, the movement is from left to right.

Primary	Secondary	Tertiary	Quaternary
Resource Extraction	Manufacturing	Services	Information
Agriculture	Autos	Government	High Tech

The Spectrum of Industrial Economies

Figure #1

When the common equation of “new economy” with “high technology” is laid over this way of thinking, the message is clear, “Go EAST young man, young woman!” “Move left to right!” “Get into high tech. It is the future!”

This superficial Industrial message was behind the recently-burst IT and dot com bubble.

But... what if the transformation we are in is also changing how we think of the economy – our capacity to create wealth? What if the common industrial understanding is, itself, yesterday and not tomorrow? What if the heart of the new economy is not technology, but the people who do the knowing?

If knowledgeable people are the key to the future, then any business or sector can be either old or new economy.

In my view, what distinguishes our past from our future is “the degree to which we learn how (develop the capacities) to routinely access high quality information and strategically utilize (embody) it. This is good news. Our future is primarily in our own heads, hands and hearts, and only secondarily in the technologies we use to process information. Consider the following:

(1) **Knowledge is inherently a personal, social and cultural creation, because knowledge is *only information that has been internalized and validated by actual persons.* In other words, there is no knowledge without persons who know it.** It follows that a “knowledge-based” economy will ultimately be far more, not less, personal than any industrial society. The soulless, technology-dominated world is not, and will not be, our future. If we have a future, it will be knowledge-driven; and a knowledge-driven world is necessarily a personal world.

This, too, is good news... if you have both a mind and a heart. For example, the content of this article is what I think I know – it is my knowledge. But, to you as reader, it is only information. It will remain as such *until you have internalized it into your own knowing, believing and behaving.* Reliable knowing, then, is shared knowing – knowing that has been tested, agreed-upon and trusted-in-living within an actual self-critical community of persons.

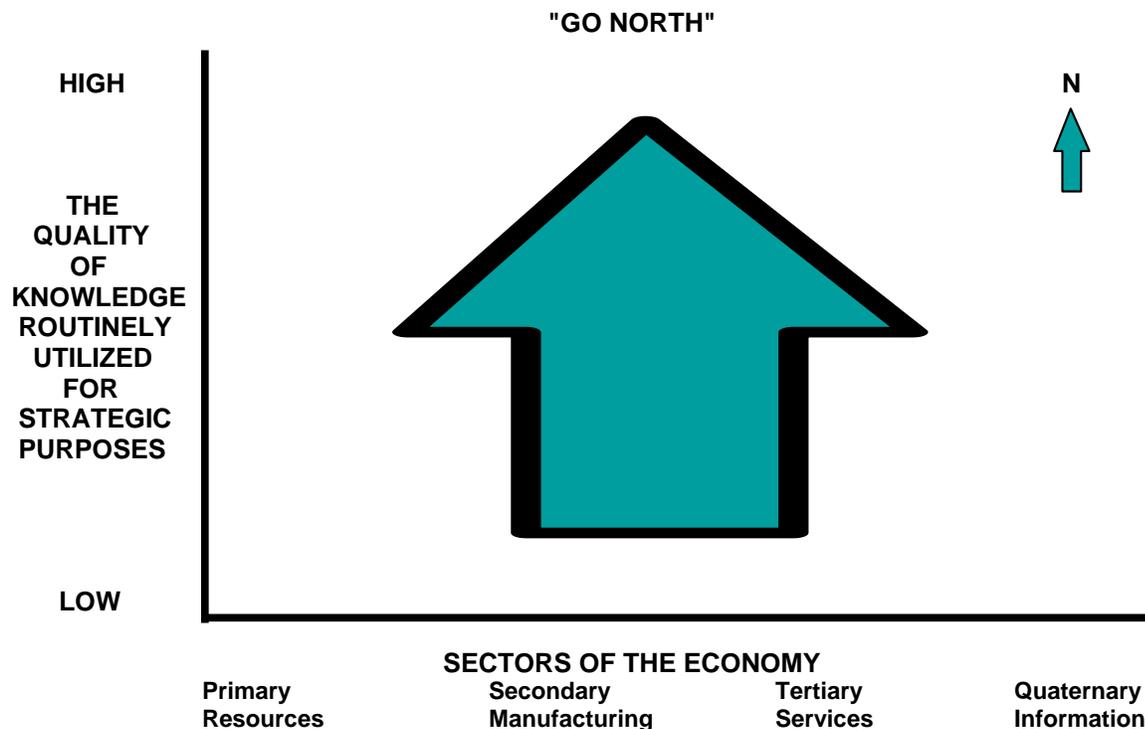
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Implication: People must be actively engaged in the knowing on which your company, your family and your whole society depends. You can no more *know* for another person than you can digest food or love their children for them.

(2) **Knowledge-in-use, not merely the possession of information; it is the key to sustained success in every area of life.** The new message, in Hugh Wynne-Edwards' phrase, is, "Go north!" (See figure #2.) Regardless of the sector of the economy in which one is active, the new challenge – as persons, families, organizations or a whole society – is not merely to possess high quality information, but to digest it into each one's own knowing and to know strategically.

Implication: Any business can become a “knowledge-based” business. Every sector can be a “knowledge-based” sector. The question is not, “Which part of an Industrial economy are you in?” Rather, the question is: “How good are you and your people at routinely accessing or creating high quality information and digesting it effectively and strategically into your every day knowing, believing and behaving?”

(3) **The human experience of creating, testing and using knowledge is slowly taking centre stage in current thinking.** This is revealed in the growing preoccupation with the formation and transformation of cultures, whether in families, organizations or whole societies. All the talk of “learning organizations” of “markets as conversations,” and of “community” shift our focus to human knowing as a process that is both central and inherently social.



"GO NORTH"
FIGURE

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The implication: Regardless of the business you are in, your people must have enough “elbow” room to test and revise what they think they know. “Going North” means that the days of commanding and controlling your people are over. Now you must learn with them. Mutual respect and common work are the glue of any successful organization in the future. External, structural authority is so yesterday.

(4) The deepest question is this: *"In a world in which many citizens are well educated, widely travelled and have easy access to high quality information, how can we arrive at sound judgements which are respected, and thus accepted as binding throughout the whole community?"* It is increasingly evident that social cohesion can no longer be achieved by either the assertion of one's authority – technical or structural – or by the use of majority votes. Unconvinced minorities now undercut virtually every majority decision. Any community will disintegrate and become ungovernable if it does not develop the capacity to create, trust and act on knowledge that is both reliable and widely accepted. If we are to survive as free persons and societies, we must develop a much deeper capacity than is now possessed by the citizens of any industrial society, to democratically co-create and agree upon that which, for us as persons, organizations and a society, will be true and binding knowledge.

Implication: *This challenge – growing up into the role of self conscious co-creators of our future whose relationships are deeply democratic – is the ultimate challenge of our transition to a knowledge-based economy and society.* It is time to grow into a full adult maturity and to use this as the only standard by which we will judge our knowing, believing and behaving. This is the deep work which underlies every task of the 21st Century.

This perspective is coming to be shared by an increasing number of companies and organizations. I think of the World Business Academy, Business for Social Responsibility, the World Business Council for Sustainable Development and The Alliance for Capitalizing on Change.

It is no accident that these groups share a common orientation that is holistic, future-oriented, deeply personal and practical. The themes of their conferences and journals drip with an implicit commitment to be men and women who are leaders in a knowledge-rich world.

May we all join in the work of creating new ways of living – ones that are prosperous, sustainable, inclusive and humane.

Ruben Nelson is President of The Alliance for Capitalizing on Change. Its mission is to “serve and support all people and organizations who wish to influence the shape of our future, by making it easier for us to explore, understand and capitalize on change.” Your comments will be welcomed..