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Helen M. Hasan
University of Wollongong, hasan@uow.edu.au

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There are many times in our brave new web-based world that we seem to have lost the art of making common sense decisions and judgements. The current organisational environment begs an agenda for KM that rediscovers values from the past, fulfilling the promise of 'sensible organisation'. In research over the past eight years, a great team of colleagues and I have explored various factors that contribute to the creation of intellectual, social and emotional capital in enterprises and communities, reinforcing our position that most innovative work involving new knowledge creation takes place in cooperative, self-directed teams. The proposed concept 'sensible organisation' is not new but a return to past skills and attitudes that may have been lost in the sophistication of an impersonal modern workplace.

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Back to the Future for KM: the case for Sensible Organisation

Helen Hasan
School of Economics, University of Wollongong
Wollongong 2522, Australia
Tel: +61 2 42213757
Fax: +61 2 42213725
E-mail: hasan@uow.edu.au

Abstract

There are many times in our brave new web-based world that we seem to have lost the art of making common sense decisions and judgements. The current organisational environment begs an agenda for KM that rediscovers values from the past, fulfilling the promise of 'sensible organisation'. In research over the past eight years, a great team of colleagues and I have explored various factors that contribute to the creation of intellectual, social and emotional capital in enterprises and communities, reinforcing our position that most innovative work involving new knowledge creation takes place in cooperative, self-directed teams. The proposed concept 'sensible organisation' is not new but a return to past skills and attitudes that may have been lost in the sophistication of an impersonal modern workplace.

INTRODUCTION

There are many times in our brave new web-based world that we seem to have lost the art of making common sense decisions and judgements; or maybe we are just not allowed to anymore. We now seem to spend more time pushing paper, making sure we follow company guidelines and standardised practices, than actually doing the professional jobs for which we are trained and paid to do. So, just as online groups look back to the warmth of old-fashioned neighbourhood communities to learn how to make the future online versions work better, maybe we need to go back and reclaim the right to be sensible and considerate in our workplaces. With the growing popularity of Web 2.0 and social technologies, the time is right to do this.

With other like-minded colleagues, I am exploring the notion of 'sensible organisation' as a fresh direction for KM. My particular views, as expressed here, are strongly influenced by my background in Information Systems (IS) and Human-Computer Interaction (HCI). However, these views are also influenced by the five years I spent listening to the perspectives of others on the Australian KM Standards Committee and membership of the ActKM online discussion list. It is clear that KM arouses passion in its adherents often with very different ardently held points of view and with a whole variety of frameworks, definitions, approaches and concerns. KM is seen as everything from the latest management fad, to its own discipline, to a trans-disciplinary mix of technology, human resources, information management, and organisational science among others, but remarkably KM as a recognised area of expertise survives. For this survival, KMers need pragmatic common-sense, a willingness to cooperate, a stubborn determination to succeed, an enjoyment of the challenge and a sense of humour; characteristics that also contribute to what we are calling 'sensible organisation'.

In this position paper I argue that the current organisational environment begs an agenda for KM that rediscovers values from the past, fulfilling the promise of 'sensible organisation'. The paper begins with my views of where we are not being sensible followed by an exploration of candidate elements of 'sensible organisation'. I conclude with some activities arising from our research that may help enterprises develop more sensible organisation.

AN ENVIRONMENT WHICH IS NOT SENSIBLE

We currently dwell in a turbulent environment mainly driven by advances in ICT and in which elements in the environment are increasingly interrelated. A climate of both evolutionary and revolutionary, change is stressing our work-places and we are working harder now than ever despite the original promise that technology would 'do it all' for us. Why has it come to this? Large modern enterprises are supposed to benefit from having flatter hierarchies; decentralised decision-making; permeable internal and external boundaries; self-organising cross-functional teams, and self-integrating coordination mechanisms. In such organisations, information and particularly knowledge is a strategically important resource yet many of our case studies show that KM is not well understood or well-practiced in many of them.

Despite the advances of human civilisation we still have monumental catastrophes due to dysfunctional systems and failures in communication. The official report of the most spectacular of these catastrophes, the events of 9-11, refers to breakdowns in inter-agency communication and an absence of a holistic approach to making sense of the situation in time. However first and foremost the report blames a lack of imagination for the inability of the US leadership to foresee let alone prevent the disaster. It is not that different in most organisations. We don't tend to employ people for their imagination; rather we deter people from using their imagination in any

serious work and even drum the imaginative skills out of any employee who shows some in the name of security, safety and accountability.

This aversion to individual initiative, while striving for innovation, is typical of the contradictions and tensions that just don't make sense in today's organisations. Large business, government and military enterprises struggle to promote a cooperative and supportive corporate culture despite their stated aims to become innovative 'learning organisations', able to transform themselves as needed in a creative and informed manner. Management finds it difficult to relinquish control and to trust knowledgeable workers to take risks, be creative and lead the enterprise's performance into the future. We design and deploy the rigid legacy or ERP systems that run our enterprises and fail to allow for the common-sense and initiative of the people they replaced. Operations are locked in and constrained by these systems ignoring the modern web-based applications used in everyday life that are re-creating a sense of community. All corporate technology seems to do is to take away

1. the routine parts of work and with it the time and place for reflection
2. the hands-on experience of work so that people lose touch with reality
3. much of the face-to-face social interaction so that trust and understanding is diminished
4. recognition of the informal organisation where the most significant sharing of tacit knowledge takes place

Making sense of it all becomes more challenging and ever more important as complexity invariably increases. Once quite stable and centralised organisations now see themselves as hybrids of hierarchical bureaucracies and dispersed network-centric organisations where competition and cooperation must coexist. Inter-organisational systems cross boundaries along supply-chains, government departments behave like commercial firms and agile micro-businesses compete successfully on the Internet alongside cumbersome multinationals. Evidence of ambiguity and complexity is everywhere. Notions of complexity and chaos reflect the tension between the natural tendency for disorder to increase while humans strive to impose order by developing ever more complex systems. The latter are likely to be exploitative and bureaucratic while the former can be networked and innovative. The past tells us that self-organising structures of more numerous smaller elements are more likely to result in a complex but stable system than ones dominated by smaller numbers of larger and more highly controlled units. Opting for the latter is a natural, but invariably flawed, response to increased complexity in the environment, while the former is the sensible response for a positive and sustainable future. The important challenge for KM research is to determine what sort of sensible organisation is appropriate for the ever more turbulent environment of human endeavour.

SENSIBLE ORGANISATION

A complex environment presents an enterprise with too large a range and diversity of inputs to comprehend logically so the sensible response is not to try. A multi-perspective, multi-disciplinary approach is needed to make sense of today's world where holistic systems thinking, together with theories of complexity and chaos, have become popular in many areas of both the natural and social sciences. Sensible enterprises will become agile, flexible and adaptable by incorporating more creativity and diversity into their structures, processes and human resources. This is consistent with the Law of Requisite Variety (Ashby 1957), which denies the supposed need for concentration of power as the only way to solve problems and to deal with reality in a complex society. Conversely, the law states that, with the support of logical reasoning and empirical evidence, only variety can master variety.

In our research we have observed that attempts to deal with complexity are unsuccessful if they aim to either simplify or assert control over complex situations. We contend that it makes more sense to maintain and support the creative energies of complex environments, encouraging the emergence of innovative new forms of working. The research shows that an enterprise can match the variety it confronts in the current environment by being, at least partially, network-centric. This allows the organisation to be more flexible than a more rigid hierarchical command and control structure. Network-centric structures are dependent on small autonomous, self-directed and self-coordinating groupings. Such groups are more apt at recognising and understanding changes in the operations for which they have responsibility, and they have the expertise and authority to act on that understanding. The flatter hierarchical structure, combined with a network-centric structure, provides the enterprise with the variety to dynamically interact with its environment, while also having the capability to make sense of its situation from a broader, more abstract and longer term perspective and to act on that understanding. The work of Peltokorpi and Tsuyuki (2006), published in this journal describes a successful case of this type of hybrid organisation.

The notion of 'sensible organisation' can be further explained by a reflection on pre-industrial cottage industries and the subsequent de-humanisation of the work-force in the assembly line of factories of the Industrial Age.

The automation of work by the technologies of the Information Age has not been much better at empowering those engaged in so-called knowledge work. A valuable contribution of KM and the knowledge era should be to re-humanise our world of work.

A sensible assumption about most modern organisations, which have complex hybrid structures consisting of hierarchies and networks, is that they are often more like eco-systems than machines. Organisations can be part mechanistic and part organic, realising that organisational transformations are, and will, continue among these forms. Moreover it makes sense to adopt the position that this mechanistic-organic hybrid is now a natural state of affairs and should not to be resisted. Indeed this creates an ideal context for innovation, creativity and growth; a context in which rational planning should give way to processes that stimulate patterns of propitious emergent activity with an emphasis on sense-making, unstructured decision making and shared situational awareness.

A set of statements that characterise sensible organisation are that it:

- Strives to understand an enterprise's own unique historical journey leading to its current circumstances of purpose, culture and environment
- Doesn't hide mistakes but learns from the lessons of history, valuing the wisdom of its senior members
- Understands the need to balance efficiency, effectiveness and innovation: blending competitive arrangements with those of cooperation
- Creates happy and fun environments recognising that these are more productive and cost effective
- Sees all members as knowers and doers who contribute both actions and understanding
- Appreciates the importance of the people aspects of systems and networks
- Sees diversity as an asset and opportunity – a synthesis of yin and yang
- Values the informal side of human activity
- Recognises the triple bottom line in all endeavours: economic, environmental and social outcomes are all critical
- Adopts, where appropriate, the latest ICT applications used in civil society while valuing the skills involved in their use and the fresh ideas of the young
- Understands that activities can have unexpected outcomes and knock on effects that impact on many other activities
- Matches incentives and rewards to goals and expected behaviour
- Is prepared to support and encourage the complex activities of groups and teams as well as those individuals
- Allows time and space for growth, recognising the need for reflection

GUIDING THE ADOPTION OF MORE SENSIBLE ORGANISATION

In research over the past eight years, a great team of colleagues and I have endeavoured to retain the attributes of complexity, dynamics and change by studying, where-ever possible, real human enterprises; taking a holistic, systemic view of the activity of interest and blending the social with the technical in the analysis. Our studies have explored various factors that contribute to the creation of intellectual, social and emotional capital in enterprises and communities, reinforcing our position that most innovative work involving new knowledge creation takes place in small teams and groups. The research has found these social groupings, often situated in the informal parts of an enterprise, contribute significantly to the emergence of sensible organisation but are rarely granted the capacity, authority, responsibility and recognition to do so. This raises questions about the appropriate management of the sensible organisation in business, government and community enterprises, and the nature of the socio-technical context and new social ICT capability that suit the modern complex environments.

A collection of our inter-related research projects is described in a forthcoming paper (Hasan et al 2007) with references back to our published work. These cover topics that include: real and virtual communities at work and in civil society, organisational and social learning, situation awareness and cooperative team behaviour, social technologies in corporations, the use of gaming and simulation for fun and engagement as well as theory development for KM using a task and activity approach. Three projects that I was particularly close to, and which contain activities that support sensible organisation, are

1. **Mixed-mode supportive community spaces**: This project demonstrated the benefits of suitable multi-faceted environments for self-organising teams where diverse skills and creative capabilities can be supported in a mix of face-to-face and online collaborative spaces. The community of workers and learners undertake a self-selected and meaningful team-based, problem-solving project where experiential learning takes place through the generation of skills, ideas and solutions. The model developed in this research can be taken up by large businesses and government organisations that are faced with the pressures of an ever-changing environment and would like their employees to take advantage of the

flexible and adaptable community networks that have sprung up in civil society. Here new ideas can be generated, bounced off others, grow and flourish using groupware set up with embedded sympathetic social practices, appropriate facilitation and moderation. Ephemeral attributes such as sharing, trust and collective development are now valued along-side more traditional work skills.

2. **Democratising corporate knowledge**: At the current time, a new civil digital culture has taken hold, in which so-called 'social' and/or 'conversational' technologies are providing unprecedented opportunities for everyday civil user activities. This project concerns the appropriation of social technologies, in particular Wikis, to support knowledge access, capture and sharing in corporations empowering knowledge workers by providing a democratic process of generating organisational memory. This makes knowledge management an automatic part of the job where all work is knowledge work and where all employees are knowledge workers engaged in activities that meld thinking and doing. Our on-going research is revealing that the use of Wikis engenders a new attitude to the needs, rights, capability and responsibilities of knowledge workers in regard to their control of knowledge management processes in their workplace and as users of the web-based social and conversational technologies that are an integral part of their non-corporate lives.

3. **Learning through gaming and simulations:** We have recently developed, and used for research into team-work, Go*Team which is a computerised game that simulates situations in which people and groups coordinate, cooperate and share information to achieve organisational goals in the anticipated future network-centric environment. Go*Team is designed to embed its players in an environment that involves cooperation and coordination, but also conflict and competition, with uncertainty, and complexity prompting the need to balance the time taken for adequate situational analysis, information sharing, appropriate decision making and the pressure to avoid being overtaken by events. The game provides a suitable platform to explore a variety of aspects that characterise the sensible organisation and the interdependencies and integration of these aspects. There is considerable literature that supports the use of simulations that represent varied organisational contexts to enhance understanding and modify behaviour. Go*Team, and other games like it, will have broad applications for business, government and community organisations. Games provide a safe and enjoyable environment to explore possibilities for a more cooperative culture both within the organisation and across organisational boundaries with no blame or fear of failure attached.

The issues raised by all these studies point to changes that are necessary for transformation to a sensible way of organising, emphasising the human dimensions of enterprise systems, giving people the right to have more choice in what they think and do, and fostering a sense of ownership of corporate knowledge. We have a view of the past where the artisans worked in small teams, had pride in their work, time for reflection, meaningful social interaction with co-workers and customers, recognition for their contribution to the knowledge of their craft and were not discouraged from enjoying themselves at work. While those times also had their miseries, the progress of civilisation through the Industrial and Information Ages has created others and is certainly making for a more complex and demanding environment. In our studies of online communities, we often observe the drive to recreate the natural but rich human relationships that we remember from the computer free networks of bygone times.

A fresh agenda is required for the KM community to ensure research and practice is relevant to this new complex environment. A sensible enterprise of the future will adopt KM initiatives that encourage a culture that promotes social learning, community and team building using, where appropriate, new social technologies in emergent socio-technical systems. The informality, interactivity and adaptability of small teams of people retains a space for what we traditionally call 'common sense' for both understanding and action amid the accountability and constraints of the formal enterprise. Sensible managers will relinquish some of their traditional control to knowledge workers in small self directed teams. These workers should be provided with meaningful training, possibly through games, to increase the skills and capabilities required to take on more responsibilities and exercise authority within a small, less prescribed group setting.

So the proposed concept 'sensible organisation' is not new but a return to past skills and attitudes that may have been lost in the sophistication of the modern workplace incurred by the speed of ICT-driven change.

ADDENDUM

To carry this argument further there are a whole set of popular ideas that complement the conceptualisation of 'sensible organisation'. Some of these are:

- Systems Thinking (Senge, 1994) that gives us a holistic way of understanding the emerging patterns in this complex world. "From a very early age, we are taught to break apart problems, to fragment the world. This apparently makes complex tasks and subjects more manageable, but we pay a hidden,

enormous price. We can no longer see the consequences of our actions; we lose our intrinsic sense of connection to a larger whole" (Senge, 1994, p3)

- Sense-making (Weick, 1995) which requires us to look for explanations and answers in terms of how people see things rather than structures or systems. Of three significant levels of sense-making: individual, organisation, and an intermediate level (the team/group/unit), the last is the seat of most innovation and creativity in organisations.
- The Law of Requisite Variety (Ashby 1957)
- Communities of Practice (Lave & Wenger 1991) where community is fundamentally a self-organising system embodying the key elements of communities, namely practice and identity.
- Activity Theory (Engeström, 1999) where the concept of purposeful, collective, tool and culturally mediated, human activity system, is a unit of analysis able to analyse complex interactions and relationships within work communities.
- Soft Systems (Checkland, 1981) a methodology for dealing with problem situations in which there is a high social, political and human activity component.
- The Complexity Quadrant of the Cynefin Knowledge Space (Snowden 2002) characterised by self-organisation, non-linearity and emergence so that it is not possible to predict or determine outcomes in advance. However, meaningful patterns of emergent behaviour can be encouraged, though not mandated or controlled, and attractors and barriers can be used to enhance the likelihood of desirable outcomes.
- Gaming and Simulation (Leigh & Kinder 1999) where simulations and games that represent varied organisational contexts are used to enhance understanding and modify behaviour in an engaging and enjoyable way.

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About the author

Dr Helen Hasan is an Associate Professor in Information Systems in the Faculty of Commerce at the University of Wollongong. She has a Masters in Physics followed by a PhD in Information Systems, is a member of the Australian Standards Committees on Knowledge Management and Small to Medium Enterprises. She has published extensively in the areas of Human Computer Interaction, Decision Support Systems and Knowledge Management and more recently Network-Centric Organisation. Currently, she is working with the Defence Scientific and Technology Organisation (DSTO) on a simulation game to research and train for team-building in the network-centric paradigm. Colleagues in this endeavour include: Dr Leoni Warne, Dr Jerzy Jagiello and Irena Ali at DSTO in Canberra, Dr Henry Linger at Monash University in Melbourne, Dr Dennis Hart at the Australian National University in Canberra, together with Dr Kate Crawford, Dr Joseph Meloche and Charmaine Pfaff here at University of Wollongong.