

Movement towards a knowledge society the need of the hour

There is almost universal recognition that knowledge as a product and as an instrument will be the basic foundation for competitiveness of individual business and of nations in the 21st century. Robust research findings suggest that knowledge as a factor of production explains a substantial proportion of economic growth internationally.

The ongoing global economic crisis, arguably the severest in over seven decades, has added to the urgency of preparing to apply and diffuse knowledge-economy principles and practices to private, public, not-for-profit and household sectors in India.

Knowledge-economy requires effectively combining different relevant sub-branches of knowledge to undertake specific activities and tasks. These may range from relatively simple ones such as producing uniform coloured and formed chillies; and distributing examination results, to such complex areas as solid waste management, improving soil quality, designing urban transport, motor vehicles manufacturing, and launching of satellites.

Although new knowledge is costly to produce, however once produced, it can be used with very low marginal cost, particularly in this digital age. In economic terms, knowledge has very low or zero marginal cost. Moreover as the value of knowledge to society increases, the more widely it is used, and thus the concept of network externality is applicable.

As the speed of diffusion and imitation of new technology or processes is contingent on profitability and ability to absorb downward risk; India must address this challenge urgently in production, distribution and delivery of government services.

Without better governance in the country, the economy and the society cannot realise their potential. This is evident from experiences of several poorly governed states such as U.P., and West Bengal. Conversely, better governed states such as Gujarat and Himachal Pradesh demonstrate what can be achieved.

It is suggested that Indian policy makers and organisations consider focusing on the following areas to prepare for a knowledge-based economy and society. First, good quality institutions, a reasonable degree of contestability in the economy and in polity, and an outward-orientation are essential for creating, diffusing and adapting knowledge

in India; efforts should be made to deepen and institutionalise economic and governance reforms.

Second, strong education and training in technology and science are essential as knowledge cannot be absorbed unless some basic knowledge is already possessed. Reforming education policies and regulations, particularly those designed to increase supply and quality, should be an urgent priority. India must preserve traditional knowledge and subject it to scientific enquiry and application.

Third, capabilities to take advantage of international conventions such as converting product and process knowledge into patents and intellectual property rights must be developed. Commoditisation of traditional knowledge by more resourceful countries needs to be addressed through cooperation among developing countries, which have similar interests.

Fourth, private and public sector firms and organisations of developing countries must be open to new ideas. There is no more insidious colonisation than colonisation of the mind. In most Indian organisations, the desire to reform traditional methods of administration and delivery of government services is essential if the efficiencies arising from the knowledge-economy are to be realised.

Bureaucracies often play safe by simply following precedents and by insulating themselves against diverse views. While such practices permit stability, if followed excessively when economic policy and technological environments are rapidly changing and policymakers are facing complex challenges, such inward and past-looking mindset could become a major constraint in obtaining desired outcomes.

It is for these reasons that civil service training institutes or related organisations should not be predominantly run or staffed by the former bureaucrats as is the case now. There is a strong case for initiating professional public policy and public management programs, and to make them accessible to also those not currently employed in the public sector.

Reform of administrative structures and methods should therefore receive higher priority. The second Administrative Reform Commission (ARC) has had little substantive impact. This needs to change. One of the important tasks of the ARC should be to encourage public sector organisations to implement the insights from the concept of Learning Curve (LC), which is closely linked with the knowledge economy practices. Organisations

which are successful in applying the LC concept can substantially reduce labour and other factors of production needed per unit of output as their cumulative output (or number of years in existence) increases.

In India, examples of Delhi Metro suggest that it is feasible to incorporate the LC concept relatively quickly in public organisations. This is, however, not the case with most public sector organisations.

Fifth, multiple sources of new ideas and experiments, including rural technology innovations, need to be cultivated. If such sources of ideas are combined with encouraging social entrepreneurship, i.e. meeting social needs with capitalist means, and with effective public private partnerships, application of knowledge-economy to diverse areas can be facilitated.

Cloud computing is a good example of combining known technology with social entrepreneurship. It enables users to access data and information from a 'cloud' of online servers from any computing device connected to the internet. It thus helps in converting fixed costs associated with storing and sharing of information and data to variable costs; and potentially saves on capital and technical man power costs. Sixth, a great deal of knowledge is organisation, context or location-specific. The challenge is to use it to address specific economic and social needs. India's heterogeneity can be used to great advantage in discovering and diffusing location specific knowledge to develop more sustainable, relatively less elaborate, production and supply chains. These, in turn, may help increase resilience of local economies to external shocks.

Corporate Social Responsibility initiatives in India could be geared towards both the demand and supply side requirements of using and diffusing knowledge to meet social needs, and to develop local production and supply chains.

The National Knowledge Commission (NKC), an advisory body set up in 2005, has five focus areas, namely easy access to knowledge, emphasis on education at all levels, creation of knowledge, application of knowledge to all sectors, and better delivery of services in all sectors.

The NKC however has not received strong political support. Its recommendations have been blocked by petty political and bureaucratic rivalries. Unwillingness or inability to assert strong political leadership by the Prime Minister in this area has contributed to the

erosion of his authority, while constraining India's future options and prospects. The next government must demonstrate stronger political resolve and greater competence in preparing 21st century India for the knowledge society.

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