Chapter XV

The Call for Transformational Governance in the Knowledge Economy

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ABSTRACT

Increasingly, regions are developing initiatives towards building a knowledge economy. This change is also bringing about a transition from more static forms of information technology (IT) work to more dynamic forms of knowledge work. It follows that knowledge industries will involve more multifaceted forms of collaboration among workers and organizations using IT. In view of the complexities in knowledge work, this chapter develops an argument for a transformational approach to governance, whereby policymakers create mechanisms to continuously evaluate local social contexts so as to continuously adapt policies to unique local conditions. This argument is based on the results of three markedly different case studies of knowledge economies: San Joaquin Valley, California; Ennis, Ireland; and Singapore. These data are used to show how local and unique social conditions influence the sustainability of a knowledge economy. Given the unique characteristics of local contexts, a transformational approach represents one useful approach to governance.

INTRODUCTION

A key characteristic of the new global economy is its shift from a tangible asset-based economy to one that is reliant on intangible knowledge-based assets that depend heavily on human capital (De-Vol et al., 2004). Here, knowledge-based inputs replace material inputs as the key productive forces in an economy (Stehr, 2002). These inputs are comprised primarily of human capital and innovation. The most technologically advanced economies are knowledge-based, where informa-
tion and knowledge are direct productive forces that drive the economy.

The knowledge economy has resulted from the rise in knowledge-intensive work amidst increased globalization (Houghton & Sheehan Peter, 2000). Hence, governments are devoting increasing efforts to the development of knowledge-based industries, whose value chains are driven by human capital, innovation and technologies. In this chapter we refer to knowledge-based activities as knowledge work.

The knowledge economy is characterized by industries that engage in knowledge work. However, as we argue in subsequent sections, knowledge is inherently dynamic and abstract in nature. It differs from information, which is more static and easier to define. Hence, governance of knowledge work is more complex than information work.

The objective of this chapter is to develop an argument for a transformational approach to governance of a knowledge economy. We review literature on the knowledge economy and investigate regional efforts to develop a knowledge economy. We utilize findings from empirical investigations of three regions: San Joaquin Valley, California; Ennis, Ireland; and Singapore, to develop an argument for the importance of a transformational perspective towards governance at the regional level. Such policies relate to business activities that influence the development of continuous innovation. In this chapter, we discuss the call for a transformational perspective in governance to be relevant to the continuous innovation-driven knowledge economy.

This chapter is structured into four main sections. We begin by defining the concepts of governance, knowledge work, and the knowledge economy. We then present our theoretical framework, the case study method employed, and overviews of the three case study sites. In the next section, Findings, we discuss the key themes of the case studies drawn from the empirical relevant findings. In the final section, we consider the need for a transformational perspective to ensure successful governance of knowledge industries in a knowledge economy.

LITERATURE REVIEW

Governance

The Worldwide Governance Indicators Project initiated by the World Bank, defines governance as the process by which governments are selected, monitored and replaced. It is the capacity of the government to effectively formulate and implement sound policies to govern economic and social interactions among its citizens and institutions. (Daniel, Aart, & Massimo, 2008). In this chapter, we focus on the second part of the definition that looks at the initiatives of the government to formulate and implement policies and interactions with its population.

Electronic governance then, refers to the use of information and communication technologies (ICTs) to facilitate government’s policies and interactions. Electronic voting and online tax filing systems are examples of technologies that facilitate these public activities. They also facilitate transparency between a government and its citizenry.

Transformational governance takes a different turn. It is concerned with context and how governments change their strategies to fit these contexts. According to the cabinet Office of the U.K. government, transformational governance is about “transforming government through technology. It is also about making government transformational through the use of technology—creating and retaining the capacity and capability to innovate and use technology effectively as technology advances. This is the only way in which public services can keep up with a continually changing, globalised society,” (Chancellor of the Duchy of Lancaster, 2005).
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