Chapter 23

Rewarding Knowledge Workers: An Empirical Investigation of the Cognitive Effects of the Reward System on IT Planning Effectiveness

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INTRODUCTION

In a business environment characterized by digitization, globalization, mobility, workgroups, immediacy, and disintermediation (Tapscott, 1996), organizations have become ever more reliant on delivering maximum value to their customers to keep competitive. Knowledge workers using computing and communication technologies produce intangible goods and services. They represent the primary leverage through which organizations maximize the value offered to their customers. Leveraging the intellectual assets of knowledge workers should be the primary focus of planning processes where customer service systems are designed along with accompanying IT solutions. Knowledge work will require new forms of management and, implicitly, a new strategy for human resource management (Collins, 1998). Consequently, human resource management is increasingly trying to reinvent itself around the emerging concepts of knowledge work and core competencies (Lawler, 2000).

This paper makes an attempt to identify critical dimensions of the reward system amenable to leverage the intellectual assets of their knowledge workers. IT planning is identified as a key process through which this is done. IT planning
is reconceptualized within a knowledge-intensive environment where informal and distributed planning is the vehicle through which knowledge workers are involved in planning.

PLANNING IN THE KNOWLEDGE-INTENSIVE ENVIRONMENT

Boynton and Zmud (1987) define IT planning as organizational activities directed towards (1) recognizing organizational opportunities for using IT, (2) determining the resource requirements to exploit these opportunities, and (3) developing strategies and action plans for realizing these opportunities. Planning activities can take place within a rational sequential framework of decision making but also piecemeal, adaptively, and in small increments (Bourgeois & Brodwin, 1984). The importance of informal planning, as a key component of the organizational planning agenda, was stressed by Boynton and Zmud (1987) who listed informal planning among a set of planning behaviors that organizations ought to develop in the information economy. Hence, planning does not occur only at fixed points in time, nor does it solely involve the efforts of a planning team. Rather, it is continuous, intermittent, and involves knowledge workers within a network of planning participants. Knowledge workers are active on an ongoing basis, constantly aware of information technology and opportunities (Collins, 1998).

PLANNING EFFECTIVENESS

In line with the previous developments about planning being both an informal as well as a formal process, the effectiveness of IT strategies will hence depend on the effectiveness of the planning process to harness the available knowledge of end users, or knowledge workers. Indeed, formal IT planning, even under its participatory forms, is limited in its capacity to capture the knowledge produced on a continuous basis throughout the knowledge-intensive organization. This has to do with the cyclical nature of formal planning, while knowledge creation is continuous.

While IT planning harnesses user knowledge and enhances their understanding of planning issues, it also allows for a learning process to take place. De Geus (1988) argues that planning is not about making plans but about learning new ways of coping with new contingencies and developing appropriate responses. Leonard-Barton (1992) views the organizational planning process as a process of knowledge creation, collection, and control that aims at establishing a learning environment premised on egalitarianism, whereby all individuals contribute to the joint enterprise and acquire new competencies. This learning dimension will be the cornerstone for measuring IT planning effectiveness. We are hence departing from
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