

## Chapter 4

# The Importance of Collaboration in Knowledge Management in Public Services: Creating Value for Stakeholders

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### **ABSTRACT**

*Knowledge management, understood as a means of value creation for stakeholders, has become one of the main concerns of the “New Economy,” and therefore, is receiving a great deal of interest from academics as well as the business world.*

*Formerly restricted to private companies, the concern for knowledge management is now studied in public institutions in order to understand the influence of customers’ demands. As public services are part of a complex network in which citizens are the main players, public authorities are increasingly trying to identify and deploy programs that promote the modernization and simplification of Portuguese public services. Knowledge management activities play an important role in these programs; therefore, this study seeks to understand how collaborative knowledge practices are implemented in Portuguese public services.*

*This study aims primarily at understanding the importance of collaboration in knowledge management having the value creation for Portuguese public institution stakeholders’ in mind. In order to gain a better understanding of this theme, this chapter presents a case study involving the Simplex Program, created and managed by Agência para a Modernização Administrativa (AMA) and its implementation in the municipal councils of Porto and Águeda and the Inter-municipal Community of Vale do Minho.*

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*Among other aspects, this chapter analyzes how knowledge management activities in the local municipalities are influenced by their strategies, commitment, organizational structure, and culture, as well as workflow processes and employee involvement. It also aims to identify the distinctive features of knowledge management in regards to the use of the Simplex Program in the three municipalities under investigation.*

*The methodology was based on qualitative data gathered from three case studies and collected from semi-structured, in-depth interviews conducted in the three municipalities. These, in turn, were selected from the participants in the Simplex program. This chapter highlights the role of national programs in the transfer of knowledge to the local municipalities as well as its importance in the development of their knowledge absorption capabilities.*

## **INTRODUCTION**

As information is disseminated through different channels and speed, knowledge has become one of the most significant factors in generating value and wealth, being considered the only sustainable competitive advantage (Nonaka and Takeuchi, 1995). For the first time in history, mankind is creating far more information than a man can absorb and is accelerating changes with much greater speed than a man can follow. Certainly, this current scale of complexity is unprecedented (Senge, 2006).

It is therefore essential to develop knowledge management in the organizational context. The changes undergone by public and private institutions in order to secure competitiveness in their markets are characterized by the rapidity with which their activities are developed to suit the requirements of their customers and other stakeholders. The development of knowledge management, and the consequent learning processes, allows organizations to keep themselves updated, to add value to their products and services and to enhance their sustainability. The ability to absorb new knowledge is directly related to the organizational environment conducive to collaboration between organizations and to the commitment and motivation of its employees (Moreira, 2009).

In public institutions, for over thirty years countries around the world have been carrying out administrative reforms in the pursuit of improving their competitiveness.

There have been contemporary trends that call into question the traditional mode of governance, with the authority concentrated in a state in which the government embodies the will and general interest of its citizens with a formalized, top-down intervention. These trends include privatization, liberalization, deregulation, creation of incentives for the involvement of civil society and promoting the involvement of citizens in all levels of government, through the sharing of tasks and responsibilities (Fonseca and Carapeto, 2009).

Government agencies are continually interacting with a broad range of individuals, which is one of the major challenges governmental institutions are facing. In this manner, being customer-centric focused is a challenge that public institutions face today.

In Portugal, the Agency for Administrative Modernization (AMA), is the body that, according to its mission, “...*identifies, develops and evaluates programs, projects and measures to modernize and simplify administrative and regulatory framework and promotes, coordinates, manages and evaluates the system of distribution of public services, within the policies set by the Government*” (AMA, 2010). In this way, AMA is the Portuguese institution responsible for the deployment of customer-centric approaches and knowledge management within public institutions.

AMA, created in 2006, is a public institution that operationalized transformation initiatives and fosters the participation of all different stakeholders in the implementation of knowledge

management in the public administration sector. Its main focus is to improve services for citizens and business firms alike.

AMA's main responsibilities are: (a) to support the government in the definition of the strategic lines and general policies related with the administrative regulation and regulatory framework of electronic government and public policies; (b) to mobilize the Information and Communications Technology (ICT) in order to support the modernization of the public administration sector and the interconnectedness between central, regional and local institutions; and (c) to manage and develop all specialized, integrated and multi-service public distribution channels.

Clearly, one of the main challenges in the public sector is to assure that the relationship with all individuals and business firms are based on the principle of equality, i.e., all users are to be equal. In order to achieve that principle it is mandatory that AMA has the ability to deploy knowledge across a wide range of public institutions.

The main objective of this study is to understand the importance of collaboration in knowledge management for the value creation of public institution stakeholders. The *Simplex Autárquico*<sup>1</sup>, case study created and managed by AMA serves as an example of this collaboration. Another objective of the study is to identify the characteristics that differentiate the management of knowledge in the Simplex program throughout the three municipalities: Porto, Águeda and Inter-municipal community of Vale do Minho. The important factors to consider are: the knowledge absorption capacity, the commitment to the program and its adaptation to local reality. The questions to be addressed are put forward in the objectives section.

Ultimately, this chapter intends to answer the following research question: What is the importance of collaboration for knowledge management in the institutions participating in the Simplex program?

## **MANAGEMENT, COLLABORATION AND INTERNALIZATION OF KNOWLEDGE**

The business world is increasingly supported by a knowledge-based economy, where technological, economic, political, social and cultural changes alter production methods and consequently the nature of human relationships.

The “New Economy”, which centralizes organizational value on intellectual capital and the skills of individuals and organizations, is characterized by important innovations and by the widespread use of the Internet, therefore, boosting the creation of new businesses, the growth of stock markets and the high expectations of investors (Almeida, 2007).

The knowledge economy follows a new economic logic. Knowledge presents a great difference from all other commodities, as it does not follow the theory of scarcity, but rather the theory of abundance. The sharing of knowledge is able to generate superior returns than the sum of the knowledge of those involved (Holmquist, 2008). Knowledge management is becoming a key concern for businesses (Moreira, 2009; Ajmal et al, 2010) and has therefore, aroused greater business and academic interest.

Drucker (1993), Mitchell and Boyle (2010) and Vorakulpipat and Rezgui (2008) defend that knowledge is the main – if not the only – competitive advantage of organizations. Nonaka and Takeuchi (1995, p. 3) conceptualize the creation of knowledge in organizations as the “*Ability of the company as a whole to create knowledge, disseminate it through the organization and apply it to products, services and processes*”.

Knowledge management, therefore, covers the entire process of intentional creation, acquisition and sharing of knowledge as well as its use as a key driver of value creation. It is an intrinsically human and collaborative process.

Knowledge has, in essence, a social character. The process of knowledge creation involves the sharing of information which, when added to previously existing knowledge, will lead to new knowledge. Collaboration, therefore, is essential for the knowledge to flow within and outside of organizations (Moreira, 2009).

A subjective approach suggests that knowledge is inherent in human experience and is constantly being shaped by the social practices of communities and institutions (Vorakulpipat and Rezgui, 2008).

Capra (1982) argues that the systemic conception sees the world in terms of relationships and integration. Instead of concentrating on the basic elements or substances, the systems approach emphasizes the basic principles of the organization. Systemic thinking, in general, can be defined as a new way of perceiving reality.

According to Capra (1996), the more one studies the problems of our time, the more one realizes that they can not be understood in isolation. One should always assume that the whole is more than the sum of its parts, and thus the system is an integrated whole whose essential properties arise from the interrelations between its parts.

For Senge (2006), one can only understand a system by observing it as a whole. Senge (2006) argues that systemic thinking is a frame of reference to see interrelationships rather than events, to see the patterns of change instead of 'snapshots'.

Just as systemic thinking, the concept of shared vision helps us understand the importance of collaboration to generate knowledge. When sharing a vision, people feel connected, linked by a common aspiration (Senge, 2006). Building a shared vision consists of the sharing of goals, values and commitments by all members of an organization or group of people (Senge, 2006).

Unlike the visions imposed by the leaders of most organizations, a shared vision can count on the true commitment of people because it reflects the personal views of each individual. In general, the views of most firms, at best, are accepted by

their stakeholders, although the formers are hardly committed to the imposed vision (Senge, 2006).

The existence of cultural barriers (Davenport and Prusak, 2000), as well as lack of trust between partners (Sveiby, 1998) can be a great inconvenience to the success of knowledge sharing between institutions. It is then up to the leaders (Ajmal et al., 2010) to provide a favourable environment for collaboration through the construction of shared visions.

Social relationships are characterized as dynamic processes. In this manner, transactions between different organizations are part of a complex network involving a large number of players (Chetty and Eriksson, 2003), in which the actions of one influence those of the others. Similarly, the knowledge generated within a relationship is unique because it is built upon the information and experiences of both organizations. Under the same circumstances, the knowledge generated by a firm with another partner would have different characteristics. Moreover, once created, knowledge belongs to both organizations and is naturally diffused to the other players within the business network. Therefore organizations need to extend their efforts with regard to knowledge management beyond the organizational borders and collaborate with other organizations in order to keep abreast of the network knowledge (Weer et al., 2009).

Collaboration can unite partners towards favourable outcomes that could not be achieved in isolation (Holmquist, 2008). The creation of a shared vision between partners is able to generate the necessary commitment to mutual growth. For that a "dialogue" between the partners is mandatory in order to transform tacit knowledge into explicit knowledge (Nonaka and Takeuchi, 1995), both internally and externally. This process allows the creation of agreements between all organizational players, contributing to a greater identification with the organization and its goals (Sousa, 2009).

The success of the learning process is generally perceived as an effective internalization of knowledge (Becker-Ritterspach et al., 2010). The cultural and social contexts of the “recipient” institution, as evidenced by the commitment and motivation of people, have a strong influence on its ability to internalize this knowledge. An environment focused on collaboration, dominated systemic thinking, a shared vision among the people and an elevated communication flow is highly motivating and conducive to organizational commitment (Becker-Ritterspach et al., 2010).

The commitment of employees is often one of the main barriers to both the internal and external sharing of knowledge within organizations (Lam and Lambermont-Ford, 2010; Massingham and Diment, 2009). According to Lambert and Lam-Ford (2010), theories on knowledge sharing usually start with the assumption of a utopian benevolent cooperation between people who donate their expertise to companies without the need to be rewarded.

This optimistic view overlooks the importance of dealing with conflicts of interest and does not consider motivation and reward as a key to generating the commitment needed to create and share knowledge. The lack of reward may lead to decreased self-esteem and self-determination of employees (Lam and Lambermont-Ford, 2010).

The knowledge absorption capacity (Daghfous, 2004) is directly related to the stimuli received by those involved. According to Massingham and Diment (2009) an individual’s reactions to a new process or new practice depends on the approach used in its implementation. Accordingly, it is the leader’s task to motivate and generate commitment for a successful implementation. Even if an employee “likes” a new idea he/she could not use it if he/she does not realize the direct benefits over his/her work.

The organizational commitment is an agreement between individuals and organizations that is achieved when people are treated with dignity and respect (Senge, 2006). It is a fundamental element of the psychological contract between both

parties and can be understood as a motivational process characterized by reciprocity (Massingham and Diment, 2009). The feeling of security and commitment, based on mutual confidence, allows the creation of a favourable learning environment. When one realizes one shares the same interests with another person or organization, one tends to act quite differently than one would act if one perceived conflicting interests (Weer et al., 2009). Lack of trust creates insecurity when sharing experiences and fear of losing the unique value of knowledge that can be used towards self benefit.

The employee’s commitment is still related to the predisposition of the leaders in sharing responsibilities (Becker-Ritterspach et al., 2010). A corporate culture with characteristics similar to those of bureaucratic organizations, such as centralized decision-making, lack of autonomy in carrying out tasks, individualism, rigidity of rules, control, and a hierarchical structure (Lam and Lambermont-Ford, 2010; Sousa, 2009), tends to generate less involvement and is less conducive to the internalization of knowledge.

Basadur and Gelade (2006) and Davis (2009) defend that the reduction of the distance between managers and other employees as well as, the adoption of practices of integration between different functions and areas of the organization decreases the resistance to change (Daghfous, 2004) and promotes knowledge sharing (Davis, 2009).

The adaptation or translation of new knowledge to a new reality (Becker-Ritterspach et al., 2010; Li, 2010; Champika et al., 2009) contributes greatly to the motivation of people and can be a key factor for successful implementation of new working practices. The translation work is necessary because it allows the integration of new practices in a specific social and cultural background. According to Daghfous (2004), the adaptation of practices to a new context can make the difference between success and failure. If the employees do not understand the processes by which they are involved, they will not be able to act proactively nor propose improvements, even if they are motivated to do so.

Knowledge management can be classified as a source of value creation. This is related to meeting the needs and expectations of the key stakeholders of the organization. For Kim and Mauborgne (2005), the constant pursuit of value creation for the customer is a key strategic factor that leads the company to very positive results.

Although not a new concept, there is some confusion regarding the use of the term “value”. According to Boztepe (2007), part of the confusion comes from the fact that value is a highly polysemic word. Its meaning varies between concepts as far as economic return and moral standards. It is common to find settings that relate only to the needs of shareholders, arguing that the creation of value will increase the value of their shares. In this study, the creation of value for the public is more important, as they represent the main stakeholders of public enterprises. In this case, value relates to the perception of the relationship between what is paid for the services, either directly or through taxes, and the actual quality of the services provided.

According to Basadur and Gelade (2006), value creation is the result of a learning process involving organizations that have some degree of efficiency, adaptability and flexibility, and that can manifest themselves through continuous improvement and innovation.

Senge (2006) argues that learning does not mean acquiring more information, but rather the expansion of the ability to produce a desired result. As a result, organizational learning enables organizations to adapt to changes and acquire new knowledge, skills or behaviours that can transform the organization.

Knowledge management has major implications for the learning capacity of organizations and their ability to adapt to a changing competitive environment. As stated by Fonseca and Carapeto (2009, p.103), “*knowledge allows learning and this allows for change and improvement*”. The most important purpose in managing knowledge is

learning, as it determines the value of a company (Sveiby, 1998).

According to Guns (1998), learning is rarely easy. However, we are clearly moving towards a labour world where continuous learning is mandatory. All the learning that results from the use of knowledge acquired, stored and shared, can be translated into improved practices and standards that aid in the creation of competitive advantages for companies.

The quest for knowledge and learning becomes an important factor for individuals and organizations. An organization that learns is an organization empowered by the creation, acquisition and transfer of knowledge. Consequently, this can modify an organizational behaviour in order to reflect the new knowledge and insights gained (Kiernan, 1998).

Finally, organizational learning can be achieved by stimulating, in parallel, a continuous improvement and innovation of learning processes. Innovation is characterized by periods of disruption to the practices previously used and therefore, results in further progress in a shorter space of time. On the other hand, the generating process of continuous improvement is responsible for gradual changes over time, enabling the organization to attain the main needs of stakeholders.

The importance of innovation as a knowledge mechanism that enables or hinders the implementation of changes is well understood in industrial environments (Sousa, 2009). Motivation, recognition of the importance of people in the process of innovation, creativity, and the possibility of developing new knowledge and skills are the main factors that underpin innovation in a knowledge-based environment (Sousa, 2009).

## **KNOWLEDGE MANAGEMENT AND PUBLIC INSTITUTIONS**

Little has been said about knowledge management in public institutions. However, just as private

organizations, public institutions also “suffer” with the increased complexity of today’s world. Due to the excess of information and the changing needs of customers and citizens, companies must face the new organizational landscape in which customers have become more demanding and more aware of their roles within the business firms as well as the public institution.

A public institution is a *de jure* person, which is controlled by the state and supported by public funds. In Portugal, public institutions belong to the public sector, which can be controlled by the national, regional or local authorities. Public administration, despite its apparent homogeneity, is quite complex as is composed by the central, regional and local administration, which report to different ministries and town halls that do not always hold the same interests and objectives (Fonseca e Carapeto, 2009).

A key issue in public institutions is the fact that they are governed by the State. Taking into account the complex organizational structure of this public network, knowledge management is a key issue in assuring that the recipient institutions have the absorptive capacity to internalize the knowledge they deal with and, that emitting institutions have the transmissive capacity to transfer the knowledge they really want to convey.

The phenomena of globalization and the knowledge society introduce an unprecedented complexity, diversity and dynamism in the environment in which governments operate. This has led to a change in the State’s role in society and has questioned the efficiency of existing institutions therefore, encouraging the required change in political, administrative, business and civic behaviour (Fonseca and Carapeto, 2009). Although these changes happen at different paces in many countries, according to the receptiveness of public participation, their impacts are already being noticed when analyzing the State’s role in the lives of the contemporary citizen. The absence of more radical changes can be explained at least in part, by the non-uniform participation of citizens,

who are still seeking a more active participation in decisions.

Fonseca and Carapeto (2009, p.19) describe the main distinctive feature of the contemporary State, as “*the development of new forms of shared and network governance open to citizens*”. In this way, the concept of collaborative governance is gaining more relevance as it is based on a collective process of governance conducted by partners seeking to develop alternatives for action, identifying solutions, aligning priorities and taking decisions.

This collective process means that coordination occurs through collaborative mechanisms. These innovative approaches, based on networks of partners and on the involvement of stakeholders to achieve public policy goals, allow (Fonseca and Carapeto, 2009):

- The creation of effective intergovernmental partnerships;
- The development of innovative solutions for different groups of stakeholders;
- The lowering of the barriers in the adoption of new solutions, due to the dissemination of successful cases and lessons learned;
- The easiness of the transfer of technology because it relates researchers and users;
- The development of human capital by learning; and
- The development of a permanent dialogue between and among stakeholders.

Despite the apparent homogeneity of public administration, the complexity of its structure, composed not only by central government but also regional and local levels and by different ministries, makes collaboration as difficult and important for public institutions as for private companies (Fonseca and Carapeto, 2009).

In Portugal, many changes have been implemented in the public administration sector in response to pressure from citizens for the creation of better services. The growing importance of municipalities in the provision of services to

citizens (Costa et al., 2006), in the search for the mainstreaming of their organizations and in the creation of integrated one-stop shops (Fonseca and Carapeto, 2009), has urged AMA to develop the Simplex program in order to improve services and to create value for citizens through the transfer of knowledge.

Even with constant efforts to improve services, public administration is still seen mostly as outdated and strongly linked to bureaucracy and inefficiency (Fonseca and Carapeto, 2009). As a consequence, the Simplex Program addresses this problem and tries to find new ways to empower citizens with brand new solutions based on the transfer of knowledge and best practices.

## **MAIN OBJECTIVE OF THE CHAPTER**

Taking into account the importance of diffusing knowledge across public institutions in order to develop a customer-centric strategy based on a homogeneous service, this chapter aims to examine the collaboration between the Agency for Administrative Modernization (AMA) and the Local Authorities participating in the Simplex program regarding the transfer and generation of new knowledge. Therefore, at the end of the chapter it should be possible to answer the following questions:

- Question 1: Is there consistency between AMA's expectations and the Simplex program's local participants? Does the relationship between the parties favour cooperation and knowledge generation? How committed are local authorities to the program?
- Question 2: What is the role of the Simplex program in the transfer of knowledge to the different municipalities?
- Question 3: Do strategies, technology, organizational culture, processes, human resource management and organizational

structures of the various participants in the Simplex program favour knowledge management? What are the main factors explaining the different approaches and different outcomes of the Simplex program?

## **THE AGENCY FOR ADMINISTRATIVE MODERNIZATION AND THE SIMPLEX PROGRAM**

AMA was created in 2006 with the objective of identifying, developing and evaluating programs, projects and actions to modernize and simplify administrative and regulatory framework. AMA seeks to promote, coordinate, manage and evaluate the distribution system of Portuguese public services within the policies set by the Government.

For AMA (2010), administrative simplification and electronic administration are key challenges to raise competitiveness, economic growth and quality of life standards in Portugal. AMA's main targets include facilitating the lives of citizens and economic agents' by making the interaction with public institutions more convenient and transparent as well as streamlining of Public Administration services.

The objectives set for the modernization of public administration are an essential piece in order to place Portugal in the group of leading European countries that seek to fulfil the Lisbon strategy, and focus on growth and employment in Europe through the launch of the initiative "i2010 - An European Information Society for growth and employment".

AMA's strategy is tuned with the European Union policy, which is focused on the modernization of services, the simplification of the regulatory framework and the deployment of economic growth.

In Portugal, the Simplex program is an operational program that embodies AMA's strategy and is centred on the processes and procedures of the

central administration that underpin the modernization of the public administration.

Throughout two years the SIMPLEX program has aimed at simplifying the Portuguese central government, resulting from the implementation of simplification measures by municipalities and encouraged by local authorities, who wished to voluntarily engage in this common goal. Thus, the Simplex program, launched in July 2008, spurred by the Government, first gathered measures proposed by the nine municipalities that volunteered in this project: Águeda, Cascais, Guimarães, Lisbon, Pombal, Portalegre, Porto, Redondo and Seixal.

Currently, in the 2009/2010 cycle, the initiative has 60 municipalities that joined individually or with the support of inter-municipal communities. Joining this project implies the acceptance of the public disclosure of the commitments assumed by simplifying each of the participating municipalities as well as, its objectives and the date on which should be completed (AMA, 2010).

Simplification in the local context is of strategic importance to improve the citizen's quality of life, to increase the competitiveness of the municipality and to improve the transparency of decisions and the image of local governments. There are four pillars of strategic action (AMA, 2010):

- To qualify and optimize the internal operations of municipal services through innovative leadership and actions, namely by streamlining of processes, by the adoption of flatter organizational structures and by sharing common services
- To improve services to citizens and businesses in terms of quality and accessibility, providing services through different channels, particularly electronically and applying the principle of one-stop shops;
- To promote the interaction between the different public administrations, through the strengthening of cooperation among them, the sharing of information and the dissemination and replication of best practices;

- To contribute to the strengthening citizenship and quality of democracy, by enhancing the transparency of the municipality.

In order to understand the process of collaboration between AMA and the local authorities, the following case studies involving two municipalities and one inter-municipal community were analyzed: the Municipality of Porto (263 131 inhabitants), the Municipality of Águeda (14 504 inhabitants) and the Inter-municipal Community of Vale do Minho (includes 5 municipalities totalling 62 562 inhabitants). The main results are shown in Table 1.

During the process of information gathering conducted by AMA to implement the Simplex program, it was noticed that the majority of Portuguese municipalities were not properly tuned to the “new economy” challenges and were characterized by highly bureaucratic processes and excessive use of paper.

The Simplex program has been created to give new life to local communities and to provide better services to citizens and businesses. In practice this results in the dematerialization of procedures and the reduction of costs, both for local authorities as well as for citizens and businesses.

The definition of the nine founders of the Simplex program, though voluntary, happened through calls made by AMA and the Secretary of State of Administrative Modernization (SEMA) to the most advanced municipalities. These were chosen in terms of simplification of their procedures, which ensured the success of the Simplex program in its first year.

The municipalities of Porto and Águeda were invited to participate as founders of the Simplex, in 2008, due to their advanced stage in the search of administrative simplification.

The deployment of previous steps in the search for administrative simplification was reflected in the greater participation and commitment of their employees in the Simplex program. An important and distinctive aspect of these municipalities

*Table 1. Situation of the Simplex program*

	<b>Porto</b>	<b>Águeda</b>	<b>Vale do Minho</b>
Beginning of participation in the Simplex program	2008 (Founder)	2008 (Founder)	End of 2008/beginning of 2009 (during the first cycle)
Implementation of the program	The administrative simplification process began in 2003 with the deployment of a series of structural changes, including the creation of the citizen's "hotspot". Played an important role in the development of the Simplex program.	The process of administrative simplification in the Municipality began in 1995, marked by the deployment of Single Service Tour. The invitation to participate in the Simplex program was seen as recognition of this process.	The project <i>Vale do Minho Digital</i> , prior to Simplex, had objectives related to modernization and administrative reform. The invitation for participating in the Simplex program was addressed to Municipal Boards in late 2008.
Number of people directly involved with the program	3	4	One in the inter-municipal community and one in every town hall.
Awareness of employees	Awareness sessions. Menu for dealing with the simplification of the Employee Portal.	It was felt that it was not appropriate because there is already a consolidated culture.	Not carried out
Key expectations for the program	AMA's contribution in raising awareness of other players to the importance of the plans and actions. To achieve progress in areas where there was less internal expertise.	Compliance measures and enhancement of the Municipality	Strengthening and monitoring of measures implemented by the <i>Vale do Minho Digital</i> project.
Main difficulties	Excessive ambition in the first year of the program, internalization of the principles of continuous improvement and little prioritization by other important stakeholders	Lack of funding for the plans and actions.	Little support from the AMA. Lack of financing plans and actions.
Adaptation of the program to local reality	The program was adapted to the previous measures	The program was adapted to the previous measures	Not carried out
Accompanying measures	Development of software for project management, used to follow up the measures	Development of software for project management, used to follow up the measures	Performed independently by each municipality.

was the existence of a standard procedure for the program assessment by means of data processing systems.

Moreover, the Inter-municipal Community of Vale do Minho, despite having invested resources in the program *Vale do Minho Digital*, is in a less advanced stage of administrative simplification. Their late entry into the program also jeopardized their performance, since they had little time for implementing all the procedures and actions required.

A key aspect to the success of the Simplex program was the definition of a detailed work plan, mentioning the activities to be undertaken by each of the Municipalities in every week of the year.

Due to the autonomy of municipalities, AMA has no control "power" over local authorities. Thus, despite the assessment being done by AMA of the fulfillment of defined deadlines and milestones, their achievements depend only on the commitment of local authorities. AMA also lacks any form of reward for good performance

in the Simplex program. Public recognition is the only award given to participants.

The inter-municipal plans and actions, by depending on the coordination of one of the municipalities, also depended on the commitment of this leadership. Some of these plans and actions have not had the expected success precisely because of the lack of a committed and effective coordination.

The time limit imposed by the program to the plans and actions, which should be performed within one year, was one of the great difficulties encountered.

AMA's participation in raising the awareness of the employees of local municipalities took place only through the provision of promotional material and printed and digital workbooks. Also, AMA did not get involved in the training of employees of the different municipalities that were included in the Simplex program, leaving this process effort to the municipalities.

## **Collaboration**

Regarding the collaboration issue, among the three cases analyzed, the Municipality of Águeda, that sought to establish relationships with other municipalities in order to exchange experiences and ideas in a systematic way, stands out as a good example.

The Municipality of Porto and the Inter-municipal community of Vale do Minho sought collaboration with other local authorities only sporadically, which produced few benefits in these relationships. In both cases some difficulties in maintaining these relationships were reported due to the low interest/involvement of their partners.

AMA has sought to encourage the maximum exchange among the Municipalities, through a series of events as well as from the sharing of experiences. AMA's support to local authorities was also considered from the outset, as a crucial point to the success of the Simplex program. Therefore, AMA tried to be very present during the

implementation of the actions, while recognizing that success depended on the deep commitment of the local municipalities.

Moreover, the initiative to have contact with other municipalities depends both on the willingness of the person responsible for the program and on the availability of human resources in the local municipalities. Although AMA could play a greater role in this aspect, facilitating and further promoting contacts and meetings between the participants, it was left to the local bodies to decide who to contact with and how to do it.

## **Strategies**

Each municipality developed its own strategic plan to promote the different actions of the Simplex program. Those plans proved to be an important tool in the municipalities of Porto and Águeda, that also deployed the project management tools and the monitoring of action plans in order to manage their involvement with the Simplex program. These actions not only demonstrated their total commitment to the program, but also contributed to its success.

## **Technology**

The main use of ICT within the Simplex program, contrary to AMA's expectation, took place within the municipalities in the management of the plans and actions, especially in Porto and Águeda.

The ITC platform, created in 2008 to underpin the Simplex program, uses the share point concept that allows the sharing of information between people located in different places and involves discussion fora, a documentation warehouse, sharing news, sharing projects information, sharing timetables, etc.

It is, in essence, an internal tool focused on the employees of central and local administration, but that can also be used externally by citizens and businesses.

The most significant benefit of this ICT platform is its capacity of safeguarding stored documents, which ensures the preservation of historical records and the assessment of all changes. It is possible to know who changed which documents and when all documents were altered. The use of the platform for document management purposes was one of the main assets of the Simplex program for satisfactorily coordinating the whole data flow.

On the other hand, the participation in discussion fora as well as other events held during the program, although encouraged, did not reach the original expected values AMA forecasted.

### **Organizational Culture**

A strong leadership is an important issue in transferring knowledge across organizational boundaries. The municipality of Águeda is by far the most developed of the three municipalities with a strong organizational culture focused on continuous improvement and administrative simplification. This entrenched culture is the result of a long term commitment that started in 1995 and has as outcome very interesting internal projects for managing data and documentation workflows.

### **Processes**

The ISO 9001 quality standard certification and the participation in the EFQM's program, by the municipalities of Porto and Águeda, show their high concern for the continuous improvement and facilitate the implementation of necessary changes in their services and processes within the Simplex program, due to their commitment to quality management systems. On the other hand, the participation in the program also increases the awarding probability by EFQM.

Although using project management tools for assessing Simplex plans and actions, the accountability of the results could have gone further.

### **Human Resources**

Encouraging participation of people in the program, though an important factor in generating commitment, was not systematically used by local authorities studied. The main motivation for participation in the Simplex program was identified by employees of Águeda's municipality, due to their internal organizational culture being focused on continuous improvement.

### **SOLUTIONS AND RECOMMENDATIONS**

The analysis of these three case studies demonstrates the potential of the Simplex program as an incentive tool for knowledge sharing and management involving local authorities. The constant stimulus to the implementation of both improvements in services and simplification of procedures can be considered an important step towards the formation of next generation of public institutions, focused on the transfer and internalization of new knowledge.

The commitment assumed by local authorities for the absorption of this new knowledge means that a new open mind and a continuous improvement process is mandatory to develop brand new, citizens' oriented services. However, although there are stimuli to improve the relationship among the participants of the program, among local authorities, and even between local authorities and AMA, a brand new "open" culture is necessary. The Simplex program ICT platform, which should have been a great underpinning tool to foster collaboration among the program participants, has not been used as initially planned. It seems that the lack of culture to participate in discussion fora and the slowness of the system are pointed out as some of the causes for the low utilization of the ICT platform.

Direct contact between the participants of the program has not been conducted frequently. Examples of cooperation identified in the program, which resulted in the implementation of improvements, confirm the importance of collaboration in knowledge management, but it is worth reiterating that these are isolated cases and the exchange of experiences, despite being a stated goal of the program, happens only sporadically.

Another point to emphasize is the difference in expectations for the Simplex program between the municipalities studied and AMA. For example, AMA expected that the program would encourage, among other things, the exchange of experiences between local authorities, which would lead to service improvements. On the other hand, the Municipalities give little value to this facet of the program, although they recognize that it could be of added value.

The commitment to the program proved to be a determining factor for the successful implementation of the plans and actions. The commitment to administrative simplification was clearly evident in all municipalities analyzed, to a greater or lesser extent, through the existence of earlier programs or projects also related to the topic. However, in the Simplex program, the commitment was not evenly followed by local authorities, being the leadership style and the ways of encouraging and motivating people a good indicator.

The adjustment of the Simplex program to the local reality was not a concern for the municipalities studied. In the cases of Porto and Águeda this was due to the existence of consolidated earlier initiatives towards administrative simplification. In the case of the inter-municipal community of Vale do Minho, it is believed that the lack of employees' involvement and the type of organizational structure adopted jeopardized a deeper commitment to the program.

This study also sought to identify the relationship of knowledge management with the strategies implemented, technologies employed, organizational culture, management processes,

people management and organizational structure of municipalities. Significant differences were found between the municipalities in some of these items, which explains the different approaches to the program and, consequently, the results achieved. Among the items evaluated, the lack of action to encourage employee participation in the program, which could have generated greater commitment to it, was one of the main limitations of municipalities. Moreover, the technological structure proved to be an important tool used by local municipalities.

In order to improve the results of the program, a standard tool based on Kaplan and Norton's (1997) Balanced Scorecard to analyze the results must be implemented, firstly, in order to give the results credibility, and secondly, as a means of compatibility and incentive for further improvement.

The improvement of the communication among the players involved in the program as well as the improvement of the ICT infrastructure is also mandatory for a more widespread participation of both the players involved and the citizens.

## **CONCLUSION**

This chapter addressed the importance of knowledge in collaborative Public Administration environments in Portugal, namely between AMA's Simplex program and three local municipalities. Although the analysis has highlighted successful co-operative relationships and a knowledge-sharing atmosphere, it also shows that different players behave differently in what regards to knowledge management activities: while AMA is interested in generating transfer-oriented knowledge, the local municipalities are much more tuned to getting involved in co-operative activities when they realize they can internalize brand new knowledge.

Taking into account AMA's objective of identifying, developing and evaluating programs to modernize and simplify the Portuguese public services, it is clear that all the players have dif-

ferent perspectives regarding their involvement. Although knowledge-sharing relationships are normally initiated by AMA in order to pursue their objectives, this work concludes that successful knowledge transfer amongst all players depends on the contextual setting in which this takes place: firstly, they fitted best when both players are tuned to a co-operative atmosphere based on mutual trust and dependency and secondly, they are doomed when players do not deploy strong interaction-oriented capabilities with other players.

As described before, some municipalities have effectively internalized knowledge from their relationships with AMA. Nevertheless, internalization of knowledge from this co-operative approach is only possible when the municipality has developed its own internal absorptive capacity from a continuous improvement plan (see for example the Porto's ISO 9000 and Águeda's EFQM program) and steers its own knowledge management capabilities.

AMA's interaction-oriented capabilities, although interesting in order to intensify both general and operating knowledge regarding the modernization and simplification of the Portuguese public services, is doomed to failure if not properly assessed in less-endowed, small-sized municipalities. Accordingly, interactive-oriented capabilities need to be nurtured and require careful inter-organizational involvement between AMA and local municipalities as well as extensive learning-by-doing and learning-by-interacting practices in order to generate new organizational routines.

Some of the differences between the local municipalities can be attributed to both the lack of commitment to AMA's program and to different organizational styles/structures, i.e. the lack of a win-win, symbiotic relationship.

Although interaction-oriented capabilities of AMA's Simplex program played a pervasive role in disseminating the modernization and the simplification of Portuguese public services, it is the municipality's knowledge creating capacity

that enables the continuous improvement of its knowledge base towards the same modernization and the simplification.

Clearly, AMA's challenges are far from solved as each municipality has its own strategy. Although knowledge management plays an important role in disseminating the modernization of services, a truly customer-centric approach is a challenge that can only be overcome when local municipalities and AMA are tuned to a common shared vision in terms of services and customer satisfaction.

## **FUTURE RESEARCH DIRECTIONS**

The present study sought to identify issues relevant to knowledge management in public institutions. Although its main limitation is the fact that it is based on a small number of case studies on how local communities dealt with a national program, its main advantage is that it depicted the intricacies of how those local communities dealt with knowledge management initiatives.

One aspect that deserves deeper research is how knowledge management initiatives enhance the values for all the players involved in non-hierarchical networks, as is the case between AMA and their local counterparts. In this situation researching the following aspects would be of added value:

- How the control of activities, such as audits or benchmarking studies, can influence the transfer and the internalization of knowledge.
- How a reward system would increase the collaborative relationships among local municipalities and between them and AMA.
- How the implementation of a Balanced Scorecard, for the Simplex program as well as for the municipalities, could influence AMA's strategy and the transfer of knowledge to the local municipalities.

A much more focused research involving the type of organizational structure, the organizational culture, the municipality knowledge acquisition strategy and how quality management systems influence knowledge flows between organizations would be of added value.

A quantitative research approach involving all the municipalities that participated in the Simplex program would be of interest to identify and quantify the most influential variables that underpin the degree of strategic communality between local municipalities and AMA.

Finally, it would be of added value to address the degree of integration of knowledge sharing management strategies with the service delivery performance in order to understand how local authorities can be restructured to achieve a minimum threshold of customer satisfaction and orientation.

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## KEY TERMS AND DEFINITIONS

**Administrative Simplification:** The modernization of the public administration in order to improve services to the customers/users through the dematerialization, zero bureaucracy and electronic government.

**AMA:** Public institution responsible for the administrative simplification in Portugal.

**Cooperation:** The process of sharing information, experiences or other resources by members of the collaborative network. The main facilitators of a cooperative relationship are the following ones: a systemic thinking, a shared vision and a proficient dialogue capability.

**Knowledge:** The set of information interpreted and internalized according the previous experiences of the recipient individual.

**Knowledge Management:** The intentional process of creation, acquisition and sharing of knowledge and its utilization as a key factor in the creation of added value. It is an inextricably human and cooperative process.

**Simplex Program:** One of AMA's programs created to deploy administrative simplification in the Portuguese local public sector.

## ENDNOTE

- <sup>1</sup> The English translation is “Municipal Simplex”. For simplicity reason is going to be called Simplex program.