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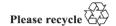
Knowledge and human-resource management for effective enforcement of competition law

Note by the UNCTAD secretariat＊

Executive summary

> Knowledge and human-resource management are important aspects of an efficient competition agency; they enable the acquisition and use of resources to create an environment in which knowledge and resources are efficiently and effectively utilized. The competition agency acquires, shares, and uses that knowledge to build human and institutional capacity to implement the competition law effectively. Knowledge management safeguards institutional memory and continuity.

＊ This document was submitted on the above-mentioned date as a result of processing delays.

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Introduction

1.   In its report entitled "Foundations of an effective competition agency" (TD/B/C.I/CLP/8),[1] UNCTAD identified knowledge-management and human-resource issues as part of the pillars of an effective competition agency. The effectiveness of a competition agency depends on the appropriate use of internal resources. The design of the human-resource functions and other capabilities of the agency influence the effectiveness of the agency's decisions and its ability to fulfil its mandate. The sources of information for this paper are replies by member States to UNCTAD's request for information, work carried out by the International Competition Network (ICN), and writings by academic practitioners, in particular the extensive work carried out by Chris Harman and Sue Brelade in this subject area.

I.   Knowledge management and human-resource management: definitions and objectives

A.   Definitions

1.   Knowledge management

2.   According to Harman and Brelade (2007): "Knowledge management is the acquisition and use of resources to create an environment in which information is accessible to individuals and in which individuals acquire, share and use that information to develop their own knowledge and are encouraged and enabled to apply their knowledge for the benefit of the organization."[2]

3.   The above definition highlights the "multidisciplinary approach necessary within organizations committed to KM. It emphasizes that successful knowledge management is more than just implementing new technology and new systems. It has to create a culture – an organizational climate – in which the knowledge workers actually want to apply their knowledge for the benefit of the organization."[2]

2.   Human-resource management

4.   Human-resource management (HRM) can be defined as the administrative discipline of hiring and developing employees so that they become more valuable to the organization. HRM includes (a) conducting job analyses; (b) planning personnel needs, and recruitment; (c) selecting the right people for the job; (d) orienting and training; (e) determining and managing wages and salaries; (f) providing benefits and incentives; (g) appraising performance; (h) resolving disputes; and (i) communicating with all employees at all levels.

5.   This paper discusses how HRM can manage the "knowledge worker". The term "knowledge worker" was first defined by Drucker (1959) as "one who works primarily with information or one who develops and uses knowledge in the workplace".[3] Knowledge workers in today's workforce are individuals who are valued for their ability to act and communicate with knowledge within a specific subject area. They will often advance the

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[1] Document TD/B/C.I/CLP/8 was presented during the eleventh session of the Intergovernmental Group of Experts.

[2] Harman C and Brelade S (2007). Managing human resources in the knowledge economy. United Nations Seventh Global Forum on Reinventing Government. June.

[3] Drucker P (1996*). Landmarks of Tomorrow*. Transaction Publishers.

overall understanding of the subject matter through focused analysis, design and/or development. They use research skills to define problems and to identify alternatives. Fuelled by their expertise and insight, they work to solve those problems, in an effort to influence institutional decisions, priorities and strategies.

6.   The majority of knowledge workers are employees who have a good academic background and experience, and are considered as people who "think for a living". They include – among others – doctors, lawyers, economists, and financial analysts. The majority of the staff in competition agencies fall under the scope of "knowledge workers", and HRM can develop staff so that they become more valuable to the organization. However, this paper does not exclude other support workers, who make an important contribution to the running and execution of the work of the competition agencies. They are an integral part in the KM process.

B.   Classification of knowledge management

7.   Knowledge management is about developing, sharing and applying knowledge within the organization to gain and sustain a competitive advantage. It has been argued that knowledge is dependent on people, and that HRM activities, such as recruitment and selection, education and development, performance management, and pay and rewards, as well as the creation of a learning culture, are vital for managing knowledge within organizations.

8.   The most common classification of knowledge is either explicit or tacit (implicit). In this classification, explicit knowledge is considered to be formal and objective, and can be expressed unambiguously in words, numbers and specifications. It can therefore be transferred via formal and systematic methods in the form of official statements, rules and procedures, and is easy to codify. Tacit knowledge, by contrast, is subjective, situational, and intimately tied to the knower's experience. This makes it difficult to formalize, document, and communicate to others. Insights, intuition, personal beliefs and skills, and using a rule of thumb to solve a complex problem are examples of tacit knowledge.[4] It is the ability of people to know how to use, relate to, and interpret explicit information such as documents, and the ability to know how to take effective action in response to the agency's environment and various elements within that environment. Tacit knowledge can be shared in relational situations, such as mentorships and coaching, and through in-house trainings, where experienced employees are encouraged to share their experiences with their colleagues.

9.   Knowledge can also be classified as individual or collective. Individual knowledge is the knowledge harboured by an individual in an organization.[5] For example, in the course of work, an individual may undertake a new organizational task, or even a common task but in a new way, which may yield the same or better results. If this knowledge is not shared with other employees, the organization can neither multiply nor leverage on the value of this expertise, and it can be lost permanently when the individual leaves the organization. However, if the individual knowledge is shared with other employees, it becomes collective knowledge.

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[4]   Edvardsson I (2003). Knowledge management and creative HRM. Occasional paper 14. Department of Human Resource Management. University of Strathclyde.

[5]   Chua A (2002). Taxonomy of organizational knowledge. Singapore Management Review. 24 (2): 69–76.

10. Collective knowledge is, therefore, the knowledge held commonly by a group of members of an organization.[6] It includes organizing principles, routines, practices, and a degree of organizational consensus on past experiences, goals, missions and results. Collective knowledge is more secure and more strategic, and by comparison with individual knowledge is less volatile and less easily affected by staff turnover.[7]

11. Collaborative knowledge-sharing practices within a competition agency will facilitate the interaction of many people's knowledge, which is then tested, enriched and redefined to create a greater body of collective knowledge which can be retained in the organization's memory.

12. Knowledge management is important for understanding:

(a) What an organization knows;

(b) The location of the knowledge – for example, in the mind of a specific expert, in a specific department, in old files, with a specific team etc.;

(c) In what form this knowledge is stored – in the minds of experts, on paper, in notes etc.;

(d) How to best transfer this knowledge to the relevant people, so as to take advantage of it and ensure that it is not lost; and

(e) The need to methodically assess the organization's actual know-how versus the organization's needs and to act accordingly – for example by hiring, or promoting specific in-house knowledge creation.

13. KM is useful because it places focus on knowledge as an actual asset, rather than as something intangible. In so doing, it enables an organization to better protect and exploit what it knows, and to improve and focus its knowledge-development efforts to match its needs.

14. Consequently, KM (a) helps organizations to learn from past mistakes and successes; (b) helps organizations to better exploit existing knowledge assets by redeploying them in areas where the organization stands to gain something – for example, using knowledge from one department to improve or support another department; (c) promotes a long-term focus on developing the right competencies and skills and removing obsolete knowledge; (d) enhances the organization's ability to innovate; and (e) enhances the organization's ability to protect its key knowledge and competencies from being lost or copied.

15. Effective KM accomplishes the organization's objectives by structuring people, technology, and knowledge contents. It considers (a) creation, codification, storage and dissemination of knowledge; (b) sharing knowledge as a way to promote learning and innovation; and (c) technological tools and organizational culture and routines.

16. While the corporate sector organizes its KM strategies around increasing its productivity and lowering costs, young competition agencies have as their ultimate aim to make markets pro-poor. It is important for young competition agencies to establish their baseline – such as consumer welfare, delivering goods and services to all, and better delivery of the regulatory functions, among other things. The baseline when creating KM strategies would be grounded and bound by the competition legislation.

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[6] Ibid.

[7] Ibid.

17.   Young competition agencies face challenges in recruiting and retaining knowledge workers. Such agencies require specialized knowledge workers such as economists who have a knowledge of industrial organization, econometrics and economic regulation, as well as lawyers, and experts who are dual-qualified in economics and law to handle cases. Young competition agencies also require skills in drafting regulations, application guidelines, notification forms and other types of documents. Knowledge of investigations and case handling, and design of remedies, is also important. There is a need to manage the knowledge workers effectively, so as to retain and share the knowledge within the young competition agencies.

C.   Human-resource management

18.   HRM is the organizational function that deals with issues related to people, such as compensation, hiring, performance management, development of the organization, safety, wellness, benefits, employee motivation, communication, administration, and training. It is the process through which the personnel are accorded their rightful position in the organization, for the mutual benefit of the employer and the employee.

19.   Competition agencies aim at regulating the market for the benefit of the consumer. In order to achieve this objective, HRM systems should be geared towards ensuring a well-motivated staff that is provided with the opportunity to utilize its potential and talents to improve the delivery of service to clients. Staff skills improvements and learning programmes are key to this process, as are competitive remuneration packages to minimize staff turnover.

20.   HRM is also a strategic and comprehensive approach both to managing people and to managing the workplace culture and environment. Human resource functions are moving away from the traditional personnel, administration and transactional roles, which are increasingly being outsourced.[8] HRM is now expected to add value to the strategic utilization of employees and to put in place employee programmes that impact the institution concerned in measurable ways.

21.   According to Harman and Brelade, current HRM trends are moving "towards policies that respect and recognize the requirements of knowledge workers as individuals… HRM attempts to meet the expectations of knowledge workers through policies designed to facilitate differing 'lifestyle choices' such as flexible work programmes, by actively articulating the organizational values, supporting involvement, and respecting diversity."[2]

22.   Harman and Brelade state that success in competition agencies "will be seen in the creation of a culture that supports the sharing of knowledge and information, creates fluid organizational boundaries and focuses on bringing resources together creatively to deliver social outcomes."[2] For example, it has been recognized that there is a need to use economic analysis in order to solve competition cases. High turnover and difficulties in attracting qualified staff can limit the availability of knowledge (e.g. the use of economics and econometrics in competition cases).[9] There is a need for HRM to design structures that will facilitate access to and sharing of knowledge, as well as its retention within the agency.

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[8] For example, many multinational corporations outsource payroll and administrative personnel functions.

[9] See UNCTAD document TD/B/C.I/CLP/4 entitled "The use of economic analysis in competition cases", which was presented during the tenth session of the Intergovernmental Group of Experts.

D. Objectives and benefits of joint strategies in knowledge and human-resource management

23. KM is a process of learning and reviewing existing processes with the aim of fulfilling the goals and objectives of the organization. Among the challenges faced by young competition agencies, particularly those from developing countries, is that of setting up joint KM and HRM processes, and maintaining and utilizing them to enhance their management and other roles in order to fulfil their legislative and policy mandates.

24. Researchers have been working on KM issues for over two decades. Collison and Parcell[10] outline KM strategies that embrace issues ranging from multicultural recognition to the use of information and communications technology (ICT) tools, with the aim of enhancing intra and extra communication, and of sharing information, collaborative and networking systems, staff profile exchanges, and talent management. The types of KM and HRM strategies to implement for effective enforcement and implementation of the agencies' mandates is the prerogative of each organization, and will depend on its culture of doing business, its operating environment, and its systems for realizing mandates and goals.

25. There is a need for joint KM and HRM strategies in competition agencies to support (a) exchange of information within the agencies; (b) comity considerations; and (c) the exchange of confidential information with other competition agencies. One of the constraints faced by many competition agencies with regard to sharing information under comity considerations is the extent to which case-specific information of a confidential nature can be shared without hurting business interests. This has hampered the implementation of competition-related provisions within regional economic communities.

26. Limits on the exchange and flow of information within competition agencies and between different competition agencies serve to limit the effective enforcement of competition laws. Joint KM and HRM strategies will create and enhance information flows within competition agencies and between stakeholders to support the effective enforcement of competition law and policy.

27. Competition agencies' joint KM and HRM strategies should aim at influencing policymaking for the following two reasons: (a) as a way of influencing policies that promote competition and consumer welfare in their countries and regions; and (b) to create understanding of competition agencies' work for budget support purposes.

28. Another objective of competition agencies' joint KM and HRM strategies is to influence businesses' policies in support of a competitive market. The strategies should target the building of capabilities within agencies to communicate and advocate for the business community's understanding of the benefits of competition. The strategies should also create ways and means of engagement with the business community to reach an understanding of the role of competition law and its institutions in preserving the business environment.

29. Joint strategies in KM and HRM should be a priority for "barefoot" and young competition agencies in developing countries. Joint strategies in KM and HRM will create an organizational culture where there is free flow of information, cohesiveness, and teamwork. In this way, young competition agencies will be able to carry out their mandates effectively.

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[10] Collison C and Parcell G (2001). *Learning to Fly: Practical Lessons from One of the World's Leading Knowledge Companies.* Capstone. Oxford.

II. Common challenges for effective knowledge and human-resource management in competition law enforcement

A. Recruitment and retention of staff

30. For many developing countries' barefoot and young competition agencies, there are challenges in recruiting and retaining highly qualified staff, due to budgetary constraints. Many young competition agencies need highly qualified staff, but are unable to compete with private-sector salaries. They therefore motivate and retain their staff by means of other inducements, such as high-quality training, the opportunity to engage in academic work, and a superior work–life balance. Training in areas such as project management, procedure and communications, and advocacy techniques may complement the academic educational background of the lawyers and economists who dominate many agencies.[11]

31. Young competition agencies also need to be administratively independent. Independent status allows the agency to compete with the private sector for the best talents, to offer competitive salaries and benefits, and to avoid civil servant employment conditions.[12]

32. There is a need for HRM in competition agencies to create programmes on retention of the knowledge held by staff. Before embarking on such a programme, the following question needs to be asked: "What is the key knowledge that needs to be protected by the organization?" An organization requires a KM strategy that addresses this. If an organization does not have a KM strategy, then there needs to be an assessment of the following:

 (a) What are the crucial areas of knowledge for the organization's future success?

 (b) Of these, which are most valuable?

 (c) Which are most at risk of loss through staff loss and turnover?

 (d) Which could be easily replaced if lost and which are irreplaceable?

33. The most irreplaceable, high-risk fields of knowledge that are at risk from high staff turnover are where competition agencies' knowledge-retention efforts need to be focused. It is important to identify exactly what knowledge a person has, and to grade it accordingly, with the person's help and with input from colleagues. This knowledge can be codified by ICT or manual systems that store and disseminate knowledge and allow it to be reused. These systems should manage the institutional memory of an organization. For competition agencies with that are financially strong, investing in an ICT system that can store and allow the reuse of knowledge is critical. For competition agencies without strong financial capabilities, simple databases can be used to manage and share knowledge – such as keeping handwritten registers and setting up documentation centres, and making use of the Internet.

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[11] See UNCTAD document TD/B/C.I/CLP/8.

[12] See UNCTAD document TD/B/COM.2/CLP/67 entitled "Independence and accountability of competition authorities".

Box 1. Selected examples of KM retention and sharing systems

Both the Fair Trade Commission of the Republic of Korea (KFTC) and the South African Competition Commission have ICT-based KM systems that support the registration, evaluation, accumulation and sharing of knowledge. In the case of the KFTC, knowledge evaluation is where the Junior Advisory Board evaluates the quality of registered knowledge based on relevance, utility and creativity. The registered knowledge is then organized and accumulated by category on a "knowledge map" of the knowledge management system and is regularly updated. This process is known as knowledge accumulation. Consequently, employees are able to access the acquired knowledge that they need.

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34. In addition, the circumstances under which an employee is leaving will have a direct impact on the organization's knowledge retention capabilities. An exit/knowledge retention interview is important for the purposes of extracting knowledge. Handing over notes is not sufficient for the purposes of knowledge retention. It is important to start the interview by addressing the topics of highest priority for the organization. The interviewee should be helped to identify broad areas of successes and challenges in these topic areas, as this tends to provide the most learning points and is a good place to start. The interviewee should be asked questions such as: "What are the key factors that make this a success?" Or, "what are the common pitfalls?" Or, "what are some of the things your successor should be aware of?" As the interviewee talks, it is important to make a list of these factors and then to start probing for detail and advice, and to record the feedback.

Box 2. South African Competition Commission KM exit interview process

In the South African Competition Commission, when a staff member leaves a position, case file "handover" sessions take place, where the exiting staff member will discuss details of the case with his or her manager and team members. This is part of a formal KM exit process, which is included as part of the Commission's termination policy. It supplements a human resource exit process, and focuses only on information and knowledge transfer. The KM exit standardizes the activities relating to staff who leave, with specific requirements for knowledge transfer interactions, a checklist for information types to be transferred, and standard questions to be asked in a KM exit interview. The exit interview is conducted by the KM coordinator. It further supplements the divisional management process and the ongoing use of the KM system to ensure effective knowledge transfer.

Source: Submission by the South African Competition Commission.

35. Further, with the agreement of the interviewee, one can:

(a) Analyse their diary: Look for the activities and when they happen, and find out how they approached the activity.

(b) Discuss their contact list: Who do they interact with, why and when, and how do they best work with these people?

(c)   Reference their filing cabinet and online files: What are the sources they use? What are the documents they refer to? What are the slide sets, programs, spreadsheets etc. that they use? What are the things they keep in their bottom drawer?[13]

36.   In some competition agencies, the knowledge is concentrated in just a few employees. Such agencies could easily be crippled if the employees exited for their retirement or by resignation. Harnessing such knowledge involves creating good relationships, and encouraging employees to discuss their experiences, to train other staff, and to codify the information by recording it manually or by ICT. Good relationships are crucial to accessing individual knowledge.

37.   One of the ways to address the challenge of retention of staff is by competition agencies doing more than most public sector employers do to motivate and retain staff. This includes applying strategies such as high-quality training, opportunities to engage in academic work, flexibility about working times and locations, encouraging work–life balance, bonuses, awards for top-performing employees, as well as being given credit for significant pieces of work.[14] For many knowledge workers, having free time to work on knowledge-building projects or to go to conferences, or spending time on interesting projects, may be as motivating as monetary rewards.

38.   On the other hand, a certain level of staff turnover is healthy, to ensure development and growth opportunities for those who remain, and to avoid stagnation. Maintaining good relations with the organization's alumni is beneficial, as they may have useful information and contacts that the organization could rely on.

39.   It is important to note that building an interactive culture and creating time for informal discussions between staff as a regular process of work is the best way to share knowledge. Exit/retention interviews should be an addition to the ongoing processes of information-sharing.

B.   Knowledge-sharing

40.   Many young competition agencies report the lack of a knowledge-sharing culture, with individuals keeping knowledge to themselves. There is a need to build a knowledge-sharing culture in order to add value to staff in competition agencies and other institutions. The discipline of knowledge management is about creating and managing the processes to get the right knowledge to the right people at the right time and to act on information to improve organizational performance.[15] People – not technology – are the key to knowledge management, because sharing and learning are social activities which take place among people. Technology can capture descriptions and information, but only people can convey practices. To ensure that practices are not only shared but transferred effectively to other staff in a competition agency, one has to connect employees and allow them to share their deep, rich, tacit knowledge. Once employees start helping one another and sharing what they know, the effort becomes a self -perpetuating cycle leading to a knowledge-sharing culture.

41.   Competition agencies should create institutional structures that promote knowledge-sharing between departments and provide the opportunity for staff to meet with their peers

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[13] Young T (2006). Implementing a knowledge retention strategy. *Knowledge Management Review.* November/December: 5–9.

[14] ICN (2009). Seminar on competition agency effectiveness. Summary report. January.

[15] O'Dell C and Hubert C (2011). Building a knowledge-sharing culture. *Journal for Quality and Participation.* July: 34.

and management to share information on their assignments. Staff retreats and team-building events are good forums for sharing information on what the agency is doing. This will create cohesiveness among staff in the agency, and leads to knowledge-sharing.

42.   Agencies should build a culture in which learning from day-to-day practice is valued, encouraged and supported, by providing time, and public and private spaces, for learning, by providing learning resources (information centres, virtual universities), and by rewarding sharers and learners. There is a need to establish avenues to allow for flows of information within the agency.

43.   According to Harman and Brelade, "typical practices in the public sector of the United Kingdom that are designed to share knowledge and information include:

        (a)   Staff forums – where senior managers meet with staff and explain decisions or communicate policies and strategies in an informal setting;

        (b)   Electronic bulletins – weekly updates circulated electronically to all staff;

        (c)   Traditional printed organizational newsletters and newspapers;

        (d)   Regular formal meetings with staff representatives at departmental and corporate levels;

        (e)   Regular briefings cascaded verbally via managers throughout an organization;

        (f)   Open access to minutes of meetings/agendas via an intranet;

        (g)   Podcasts[16] of presentations and speeches by senior managers/political leaders."[2]

44.   Harman and Brelade note that with the practices listed above, "the emphasis is to move away from secretive and 'need to know' approaches and to create an open environment where information flows freely."[2]

III.   Possible strategies and tools to address knowledge management and human-resource management challenges within a young competition agency

45.   How, then, is KM related to HRM? HRM is expected to add value to the strategic utilization of employees; likewise, employee programmes are expected to impact the institutions in measurable ways. It has been argued that knowledge is dependent on people, and that HRM issues – such as recruitment and selection, education and development, performance management, pay and reward, as well as the creation of a learning culture – are vital for managing knowledge within firms.[17]

46.   There is a need to incorporate KM in fulfilling HRM functions such as recruitment and selection, training and development, performance management, rewards and recognition, career management, and improving the work environment.

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[16] Podcasts are now commonly used for organizational announcements and meetings in large organizations.

[17] Edvardsson I (2008). HRM and knowledge management. Employee Relations. 30 (5): 553–556.

A. Selection processes

47.   In recruiting and selecting staff, the interview and selection processes should gather evidence about individuals' knowledge-building behaviours. In recruitment and selection processes, new questions need to be asked, such as: (a) how have they helped develop their colleagues or teams?; (b) how do they keep their own knowledge up to date?; and (c) what are their professional networks, in terms of membership and involvement in professional associations? There is also a need to assess a candidate's willingness and ability to work in groups and share knowledge. The ability to generate innovative thoughts and to communicate are important abilities for the new employee to have.

48.   The role of HRM in recruitment would therefore mean identifying talent, and furthermore, as noted by Harman and Brelade, "recruiting talent and allowing jobs to develop around the person."[2] Functions should be based on the knowledge capabilities of the individuals and encourage multi-skilling depending on the capabilities of individuals.

49.   Not all knowledge workers generate the same level of value to an organization or have the same impact on organizational development or growth. This means that competition agencies may adopt techniques and approaches from large corporations, whereby different earnings levels are ascribed to different individuals based on contribution and value added. This will require agencies to communicate, to the governments and authorities that fund their budgets, the need to ascribe different compensation levels depending on the contribution and value added that knowledge workers make to the agencies.

50.   Once an employee is recruited, a "friendship system" needs to be developed, whereby the new employee is attached to an experienced staff member for a short time (such as one month) and is helped to settle in. This is done by introducing new employees to their colleagues, showing them around the organization, and making them feel welcome by introducing them to key members of staff, such as departmental heads. This helps the recruited staff member to become part of the KM system within the institution. This will contribute to building knowledge capabilities in the newly recruited staff member and will enable him/her to settle in quickly and contribute to the organization's goals effectively.

B. Training and development

51.   It is important for there to be continuous professional development, in order for the staff of competition agencies to stay at the forefront of their professional fields. Staff need to participate in activities that offer opportunities to further their professional development.

52.   Staff attachments and study tours to competition agencies with strong institutional structures are an important component of professional training and development where knowledge is transferred to develop institutional capabilities. In some countries such as Kenya, the civil service regulations provide that government staff who undergo specific types of professional training and attachments are bonded for one to three years, depending on the length and nature of the training, so as to transfer knowledge and utilize the knowledge within their institutions. This is to prevent the exit of staff immediately after receiving training.

53.   Trainings should be planned and designed to reinforce the organization's objectives. Sometimes, training is too oriented to academic issues of good competition law, and neglects the basics, such as good procedure, communication, advocacy techniques and other practical aspects of competition law enforcement. Participation in local and international events – such as trade fairs, UNCTAD meetings, ICN workshops and OECD global forums – is also a beneficial component of staff training and knowledge.

54. Competition agencies can also create coaching and mentoring programmes to encourage the sharing of personalized knowledge. Coaching is the practice of supporting an individual, through the process of achieving a specific personal or professional result. The coach and coachee work together towards specific professional goals.

55. Mentoring is crucial, as it supports and encourages people to manage their own learning and work in order to maximize their potential, develop skills, and improve performance. Mentoring is the long-term provision of guidance to someone less experienced in order to support their general development at work.

56. Coaching and mentoring is critical for the passing on of individual and tacit knowledge from more experienced staff members to less experienced ones. The main reasons why organizations need coaching and mentoring activities are as follows:

(a) To maximize knowledge transfer: Coaching and mentoring leads to transfer of knowledge within the agency and contextual learning.

(b) To increase skill levels: Coaching and mentoring leads to transfer of core skills. Customization of skills in relation to the agency's mandate and cross-training of staff can be achieved. It allows workers to learn new skills, makes workers more valuable, breaks routines, and combats worker boredom.

(c) For succession planning: Coaching and mentoring enhances the ability of the agency to identify "fast track" candidates and prepares them for new jobs. It also ensures continuity of performance when key workers leave the organization because core skills have already been transferred.

57. Objective-setting for individual staff members, and evaluation, should flow naturally from the strategic plan. Deadlines and targets for staff members should be clear. Internal communication with staff (regarding goals, objectives, priorities etc.) is important so that staff can own the vision and objectives, strategies and goals of the competition agency.

58. Staff participation in training and development programmes and in coaching and mentoring should form an integral part of the performance appraisal. In this case, employees will be required to account for their contribution to the competition agency, and to their own development, in any of the above areas.

C. Performance management

59. Performance management identifies who or what delivers the critical performance with respect to the organizational strategy and objectives, and ensures that performance is successfully carried out. Performance management needs to consider the different ways in which individuals contribute knowledge. Managers need to consider:

(a) Knowledge acquisition: What knowledge has the individual brought into the competition agency?

(b) Knowledge sharing: How has the individual applied his/her knowledge to help others to develop?

(c) Knowledge reuse: How frequently has the individual reused existing knowledge and what has been the outcome?

(d) Knowledge development: Has the individual actively developed his/her own knowledge and skills? How well has the individual applied his/her learning?

D. Compensation and rewards

60.   As indicated above, one of the advantages of administrative independence is that HRM can also offer attractive compensation and rewards. Reward systems indicate that the organization values and shapes individuals' behaviour. It is important to reward and recognize knowledge-sharing behaviours. Rewards address the universal question of "what's in it for me?" They also help to communicate what is really important for the organization. Employees should be rewarded for sharing what they know, and departments should be rewarded for fostering collaboration. Best practice organizations see rewards and recognitions as a way to acknowledge the value of sharing knowledge, to appreciate the contributions that employees make, and to increase awareness of teamwork.

61.   For instance, the Fair Trade Commission of the Republic of Korea (KFTC) has a system of rewards to maintain the vitality of its KM system through knowledge registration, evaluation, accumulation and sharing. The rewards system takes the form of a "knowledge mileage programme", where miles are given based on the number of registrations, referrals, evaluations and comments. At the end of the year, a monetary or non-monetary award is given to employees based on the miles they have earned. The KFTC also organizes a "knowledge contest" where, for a limited period, every employee provides one piece of knowledge. All the information is evaluated, and the employees selected as providers of outstanding knowledge are presented with an award.[18]

E. Change in management roles

62.   Harman and Brelade state that in order for KM and HRM to be effective for the enforcement of competition law, management roles have to change from the roles of managers as controllers to managers playing roles of coaches, co-workers and facilitators. Harman and Brelade note that "experience indicates that the effective manager in a knowledge environment supports the acquisition and sharing of information and expertise by:

> (a)   Encouraging individuals to use their knowledge and expertise;
>
> (b)   Facilitating innovation and creativity and encouraging new ideas;
>
> (c)   Representing the interests of the team/individuals to the organization;
>
> (d)   Supporting the work of teams, both physical and virtual."[2]

63.   Harman and Brelade further note that "the management of virtual teams exhibits a less controlling approach to the management task. It emphasizes skills such as project management, prioritizing and planning, setting objectives, and monitoring outcomes."[2] An example of management of virtual and multidisciplinary teams in enforcement of competition law is the UNCTAD-led Competition and Consumer Protection for Latin America (COMPAL) programme[19] – a technical assistance programme on competition and consumer protection policies for Latin America. This programme is supported by Switzerland's State Secretariat for Economic Affairs (SECO). The programme assists the Plurinational State of Bolivia, Colombia, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay, Peru and Uruguay, to strengthen their capacities and institutions in the areas of competition and consumer protection laws

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[18] Moon J (2011). Knowledge management system in the KFTC. Presentation for the tenth Annual ICN Conference. The Hague.

[19] http://compal.unctad.org.

and policies. The teams are composed of people from a number of different organizations – government, competition and consumer protection agencies, university research professors and private-sector companies, as well as individual experts.

64. The COMPAL lead team in Geneva has clear targets and deliverables, and less direct control over the team engaged in the project. According to Harman and Brelade, "the use of web-based technology has meant that teams [have] worked as virtual teams."[2] The managers "deliver results without the traditional tools of 'command and control'." Motivation is "based on the intrinsic motivation in the work, and the role of the managers [is] to facilitate"[2] and coach, as co-workers and not through control. This has led to tremendous reforms in COMPAL countries, where all countries have competition and consumer laws in place. At the outset, only Costa Rica and Peru had competition laws and authorities in place. There has been capacity-building in the countries in the form of free flow of knowledge.

65. The above model can be replicated by young competition agencies in different regions, which could work together towards similar outcomes of capacity-building and enforcing competition law and policy within their regions. The Competition Programme for Africa (AFRICOMP) is an example of such an effort; it is aimed at helping African countries to develop appropriate administrative, institutional and legal structures for effective enforcement of competition and consumer laws and policies. UNCTAD has been working with development partners to extend the concept to the establishment of two training centres in French-speaking and English-speaking Africa.

66. The virtual partnerships between competition agencies will help to develop an integrated approach towards competition law enforcement in their regions. They will be able to "share information, knowledge and resources across organizational [and national] boundaries. For human resource managers in competition agencies, this will involve:

    (a)   Encouraging collaboration;

    (b)   Making ideas accessible;

    (c)   Exploring (and resolving) conflicts;

    (d)   Encouraging dialogue;

    (e)   Encouraging a sense of community, common interest and trust."[2]

67. Harman and Brelade note that "at the individual level, it will involve suspending judgment on some occasions and being tolerant of different viewpoints."[2]

68. Harman and Brelade further note that "for managers to succeed in this type of environment, human resource departments' activities need to encourage and equip managers to:

    (a)   Challenge their own assumptions;

    (b)   Understand how their actions can help or hinder creativity and innovation;

    (c)   Learn to trust, accept and productively manage 'maverick' behaviour;

    (d)   Structure work to maximize learning opportunities;

    (e)   Accept that some mistakes will occur;

    (f)   Coach and mentor others as an intrinsic part of the work;

    (g)   Redefine problems as learning opportunities;

    (h)   Recognize and reward innovative contributions."[2]

69.   "For managers, this involves understanding individuals and teams, and having a willingness to be open to new ideas and development."[2]

F. Values and ethics

70.   Harman and Brelade note that "for individuals to actively contribute in a knowledge environment, there should be a balance in HRM polices and practices that has an ethical basis that can be recognized and accepted. This is more clearly seen in situations of knowledge transfer, such as collaborative projects, mergers and acquisitions, and the transfer of skilled workers from one country to another. In knowledge transfer, knowledge workers are being asked to pass on their knowledge to others or facilitate the competition agency in encapsulating and encoding what they know. This can be a threatening exercise for individuals if they perceive that their value is based on what they know."[2] Individuals may feel that if they share whatever knowledge they have, their positions will be in jeopardy.

71.   "Cooperation in knowledge-sharing is readily obtained where there is an ethical framework based on recognizing the mutuality of interest. Three principles that have been found to be common in successful knowledge transfers are (a) reciprocity (a mutuality of benefit for the individual and the organization, whether economic, social or developmental etc.); (b) recognition (i.e. an acknowledgement that there is shared ownership of the knowledge between the individual, the organization and the wider society); and (c) utilization (that the result of the knowledge transfer will be a wider sharing and use of the knowledge)."[2]

72.   "Incorporating the idea of social ownership of knowledge is particularly relevant to knowledge transfer. Society has invested in the education and development of the individual and the framework within which both the individual and the competition agency exist and operate."[2] UNCTAD has created a Research Partnership Platform on Competition and Consumer Protection (RPP).[20] This is an initiative that aims at contributing to the development of best practices in the formulation and effective enforcement of competition and consumer protection laws and policies so as to promote development. The RPP brings together research institutions, universities, competition agencies, business and civil society, and provides a platform where they can undertake joint research and other activities with UNCTAD, and exchange ideas on the issues and challenges in the area of competition and consumer protection faced particularly by developing countries and countries with economies in transition. This incorporates the idea of social ownership of knowledge to develop society and will help build human resource capacity in competition law and policy in universities, competition agencies and other institutions.

G. Culture and change

73.   This paper has adopted a working definition from Harman and Brelade, and reflects on its implications for "organizational culture". Experience indicates that a culture conducive to knowledge management is one that values (a) networking and broad contacts externally and internally; (b) respect for individuals; (c) creativity and innovation; (d) trust; (e) sharing of ideas and information; (f) sound underlying systems and procedures; and (g) continuous learning and development."[2]

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[20]   http://www.unctad.org/en/Pages/DITC/CompetitionLaw/ResearchPartnership/Research-Partnership-Platform-on-Competition-and-Consumer-Protection--.aspx.

74.   Harman and Brelade assert that in order to initiate changes that affect the way people think and to evolve new systems of beliefs, competition agencies need to allocate resources and adopt modern ICT systems. This also has a bearing on the culture of the specific organization. Harman and Brelade call this alignment of "culture" and "knowledge economy".

75.   Competition agencies should design tailor-made KM and HRM systems geared towards addressing the various needs of their clientele and stakeholders, including those of the business community, policymakers, consumer associations, academia, and sector-specific regulators. There should be a culture of information flow from the agencies to the stakeholders. In addition, internal KM systems should adequately create synergies between staff and management (including the chief executive and board members), which should also extend to other stakeholders such as the courts and appeal tribunals. A holistic approach to application of KM is recommended when considering effective enforcement in a competition agency.

76.   Harman and Brelade note that "where such change programmes are more successful, there is usually observable evidence of conscious working with the existing culture. The change is based on understanding and building on those values inherent within the existing culture that are conducive to effective KM… Building a culture for KM using this approach requires changes to systems and processes and changes to the ways of doing things."[2]

77.   In addition, when considering KM and HRM strategies for competition agencies, it is important to consider the local environment in terms of priority sectors, market distortion areas, and major stakeholders, and to build capabilities in staff to handle the challenges of the local environment. Cultural values should also be considered when designing KM systems in different regions, especially in cases where best practices from one region are being applied in another. In KM and HRM matters, there are no "one size fits all" solutions. Transplanting systems from other competition agencies, jurisdictions and regions is not always a perfect fit. Alignment to local conditions is necessary in order to produce the desired results. Identification of local knowledge bases should act as the springboard towards designing effective KM and HR systems, especially in the South.

IV.   Knowledge management strategies that can be applied to human-resource management

78.   Researchers have indicated that organizations do not adopt a uniform approach to knowledge management.[21] They outline two distinct strategies utilized when selecting a KM approach. The strategies are: (a) codification, centred around ICT systems and processes; and (b) personalization, centred around human resources.

79.   Codification strategy refers to the classification of explicit knowledge that is formal and objective and can be expressed in words, numbers and specifications. Knowledge such as cases, legal precedents, peer-agency approaches and outcomes, and peer, academic and judicial critiques, tends to be stored in databases where it can be accessed and used readily by anyone in the competition agency. Competition agencies can invest in ICT for projects such as intranets, data warehousing and data mining, knowledge mapping (identifying where knowledge is located in the firm), and electronic libraries.[22] This increases effectiveness and growth, as the reuse of knowledge saves work, reduces communications

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[21]   Hansen MT, Nohria N and Tierney T (1999). What's your strategy for managing knowledge? *Harvard Business Review.* 77 (2): 106–116.

[22]   Edvardsson I (2008). HRM and knowledge management. *Employee Relations.* 30 (5): 553–561.

costs, and allows the competition agency to take in more work/projects. It is therefore closely related to exploitative learning, which tends to refine existing capabilities and technologies.

Box 3. The South African Competition Commission's KLM system

The South African Competition Commission has recently completed an upgrade to Sharepoint 2007, coupled with a workflow component (K2 Blackpearl) to better support collaboration and management information tracking. The system is available to all members, and teams are allocated areas per case, within which they are required to store and reference all case-related material. The system also has divisional and non-case areas for the retention and retrieval of general information that is useful for executing its mandate and supports casework more broadly.

Through the KM system, users can upload and store information and outputs on the electronic system. Hard copy information is archived at an off-site document management service provider.

Source: Submission by the South African Competition Commission.

80.   Personalization strategy refers to personal development of tacit knowledge that is based on insights, intuition and personal skills for solving complex problems. Such knowledge is mainly shared through direct person-to person contacts. Employees who collaborate and share knowledge are better able to achieve their work objectives, carry out their assignments more quickly and thoroughly, and receive recognition from their peers and mentors as key contributors and experts.

81.   Communities of practice are among the techniques that have to be used in order to facilitate knowledge-sharing. A community of practice is group of people who share similar interests (e.g. a craft or a profession) and is created with the goal of increasing knowledge related to their field. Communities of practice can exist online through "discussion boards" or "newsrooms", or in real groups that meet at work. It is through the process of sharing information and experiences with the group that the members learn from each other, and have an opportunity to develop themselves personally and professionally. Competition agencies should create communities of practice where staff learn from one another; these can be online or real groups that meet regularly for knowledge sharing and transfer.

82.   Personalization and explorative learning are closely related. Explorative learning is associated with basic research, innovation, risk-taking, and more relaxed controls. For personalization strategies to succeed, there is a need for flexibility, investment in learning, and the creation of new capabilities within a competition agency. The more experienced staff must be encouraged to share their knowledge with other staff, and there should be a strong focus on on-the-job knowledge transfer and learning.

83.   The ICN survey on effective KM found that most responding agencies (80 per cent) do not have methods of organizing work that facilitate knowledge-sharing, such as project teams mixing junior and senior staff or newly recruited staff with experienced staff; 75 per cent have an a training induction course that includes training on how to use the agency's KM system; 56 per cent have materials on how to use the agency's KM stored on its KM system that staff can access easily; and 77 per cent carry out informal training on the job or mentoring. Some agencies have introduced an in-depth training and coaching system and assigned experienced employees to mentor and tutor newcomers.[23]

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[23] ICN (2012). Effective knowledge management. *Agency Effectiveness Handbook:* 3.

84.   When codification and personalization strategies are implemented together, the institution's KM capabilities are strengthened. For example, since 2005, the National Economic Prosecutor's Bureau of Chile has developed and used an electronic system of case follow-up, first in the Economic Analysis Division and then in the rest of the organization too. It is used in several areas of work, and includes tools for planning, reporting, and storage of reports. The Bureau has also set up a specialized library that holds an up-to-date collection of titles on competition law, and economic and other relevant subjects for competition analysis, with access to main electronic sources including "econlit" full texts, legal references and several databases. In the area of HRM, the Bureau has built capacity in hiring high-profile young staff, and offers internal performance assessment mechanisms and incentives that aim to reward the alignment of individual performance with institutional goals.[24]

85.   The codification and personalization strategies in KM help to frame the management practices of the organization as a whole.[4]

86.   The above discussion links both KM and HRM to the competitive strategy of the organization, that is to say, it is not knowledge itself but the way that it is applied to the strategic objectives of an organization that is the critical ingredient for competitiveness and success. This is likely to bring multiplier effects to the effectiveness of the operations of competition agencies and, therefore, successful implementation of competition policy and law within a country.

87.   Finally, Harman and Brelade note that "effective KM facilitates the acquisition of knowledge by individuals and encourages them to apply their knowledge for the benefit of the organization so that competitive advantage and service excellence are achieved."[2] Making knowledge workers productive requires changes in attitude, not only on the part of the individual knowledge worker, but on the part of the whole organization.[25]

V.   Issues for discussion

(a)   In the first years of competition agency operations, which areas of KM and HRM should be given priority in order to create maximum impact?

(b)   How can young competition agencies include KM and HRM strategies into their organization's procedures?

(c)   In cases where competition agencies are a department in a government ministry, how can the agencies influence government policy to include KM and HRM strategies that are oriented to their needs?

(d)   What strategies can mature competition agencies adopt in order to share best KM and HRM practices with young competition agencies in developing countries?

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[24]   Submission by Chile.
[25]   Drucker P (1999). *Management Challenges for the 21st Century.* Butterworth-Heinemann. Oxford: 156.